

CORPORATE SOCIAL RESPONSIBILITY AND NATURAL DISASTER REDUCTION IN PAKISTAN

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Glossary

ACES	Advanced Cost and Energy Savings
<i>Alif Laila</i>	A Lahore based non-governmental organisation working in the education sector
<i>Anjuman</i>	Association
<i>Anjuman-e-Shahriyan</i>	The Citizens Association
CDO	Civil Defence Organisation
CEO	Chief Executive Officer
CPLC	Citizens Police Liaison Commission
Crore	A numerical figure in local languages. One crore is equivalent to 10 million.
<i>Daigs</i>	A large pan of cooked curry/rice
ECPL	Engro Chemical Pakistan Limited
<i>Esmail Ji Enterprises</i>	Name of a private company
ETPI	Environment Technology Programme for Industry
FPCCI	Federation of Pakistan Chambers of Commerce & Industry
<i>Gawalas</i>	Milkmen
GDP	Gross Domestic Product
<i>Jhuggis</i>	Thatched roof houses
<i>Kachi abadis</i>	Slum dwellings
KCCI	Karachi Chamber of Commerce & Industry
<i>Kund</i>	Water pond
LB	Lever Brothers
MAF	Million acre feet
MNCs	Multinational Corporations
NGO/s	Non-Governmental Organisation/s
<i>Nullah Leh</i>	Name of what is now a sewage water stream that runs through Rawalpindi city
PTCL	Pakistan Tobacco Company Limited
Ramadan	The holy month of fasting
Rs.	Rupee/s (Pakistani currency)
SAARC	South Asian Association for Regional Cooperation
SCF	Save the Children Fund
Shukrana	Name of a private company
TARC	Training and Resource Centre
<i>The Nation</i>	English language daily newspaper in Pakistan
<i>The News</i>	English language daily newspaper in Pakistan
<i>Tobha</i>	Water pond
Thar	A desert in rural Sindh
Time and Tune	Name of a private company
TRDP	Thardeep Rural Development Programme
<i>Zakat</i>	Helping the needy by giving two and half per cent of annual wealth in the holy month of Ramadan.

1. Introduction

The first section introduces Pakistan and its climate, discusses the natural hazards and their disastrous impact on the people and spells out the methodology of the study.

1.1 Geography of Pakistan

Pakistan is situated in South Asia North of the Tropic of Cancer between latitudes 24 and 37 N. The landscape offers a variety of landforms as it stretches northward from coastal beaches, lagoons and mangrove swamps in the south to sandy deserts, desolate plateaus, fertile plains, and towering mountains guarding the frontiers. Mountain ranges extending from North East to North West separate Pakistan from China, Russia and Afghanistan. The Himalayas bound the country in the North East; the Karakoram rise on the North West of the Himalayas and extend westward up to Gilgit. The Hindukush Mountains lie to the Northwest of the Karakoram extending westward up to Afghanistan.

The landmass of Pakistan covers an area of 796,095 square kilometres, which is almost equivalent to four times the size of the United Kingdom. The population is 135 million. Of the four provinces of Pakistan, Punjab is the most populated with a density of 250 persons per square kilometre. Sindh and North West Frontier Province (NWFP) stand second and third respectively. Balochistan is the least populated province with a density of 19 persons per square kilometre. Punjab stretches over 25.8 per cent of the land area of the country and is home to 56.5 per cent of the total population, while Balochistan with 43.6 per cent of the land area has 5.1 per cent of the population.¹

The Punjab plain is irrigated by the River Indus, the nation's lifeline, and its five eastern tributaries: the Jhelum, Chenab, Ravi, Sutlej and Beas. The waters of the Beas and Sutlej are largely withdrawn for irrigation in India. The plain spreads from the south of the Potohar plateau up to Mithankot, where the Sulaiman Range approaches the Indus. The Punjab plain is almost featureless with a gentle slope southward. The Southeastern section, Cholistan, is desert and under-developed. The Punjab region has emerged as the most economically developed area. Lahore, Faisalabad, Multan, Gujranwala, Sialkot and Gujrat, the major commercial and industrial centers of the country, are situated in this region.

The Sindh plain stretches between the Punjab plain and the Arabian Sea. The Indus flows here as a single river and the plain comprises a vast fertile tract stretching westward from the narrow strip of flood plain on the right bank of the Indus, and a vast expanse of desert stretching eastward from the left bank. The desert area of Sindh is dry and desolate like Cholistan in the Punjab plain. But the plain area right of the Indus is green with vast stretches of vegetation lined everywhere with avenues of trees. Sindh has an elaborate canal system irrigating an area of 10,000,000 acres and accounts for about 40 per cent of Pakistan's irrigated land. The area yields abundant crops of rice, wheat and cotton and contains the bulk of the population and most of the major commercial and industrial centres of Sindh such as Hyderabad, Sukkur, Larkana, Nawabshah, Shikarpur and Dadu.

The Balochistan Plateau lies to the East of the Sulaiman and Kirthar ranges with an average altitude of 2,000 ft (610 m). The physical features of the plateau vary, but mountains, plateaus and basins predominate. The mountains spread in different directions, attaining 6,000- 11,000 ft (1,830-3,335 m).² Owing to continuous drought, there is very little vegetation. Most of the people, therefore, lead a nomadic life, raising camels, sheep and goats. Balochistan is, however, fortunate to have considerable mineral wealth of natural gas, coal, chromate, lead, sulphur and marble. The reserves of natural gas at Sui are among the largest in the world. The gas is piped to Karachi, Hyderabad, Sukkur, Multan, Faisalabad, Lahore, Rawalpindi and Quetta for industrial and residential power.

¹'Land and people', <http://www.pak.gov.pk/public/people/index.html>

² 'Land and people', [http://www.pak.gov.pk/public/people/landpeo\(Balochistan\).htm](http://www.pak.gov.pk/public/people/landpeo(Balochistan).htm)

The North Western Frontier Province (NWFP) extends from the North to North West of Pakistan. The NWFP largely has a mountainous terrain, with five peaks above 8000 metres. The Karakoram Highway, the highest trade route in the world, passes through here. The region is spotted with numerous streams and rivulets, thick forests of pine and junipers and a vast variety of fauna and flora. Not all of the NWFP is hilly: there are cities that are on flat land. Peshawar, which has given refuge to millions of Afghans, is the capital of NWFP. Other economic hubs include Charsaddah, Naushera, and Haripur.

1.2 Climate of Pakistan

Pakistan has a continental type of climate, characterized by extreme variations of temperature. It is in the monsoon region. However, much of the country is arid except for the southern slopes of the Himalayas and the sub-mountainous tract that have a marked summer rainfall from 76 to 127 cm. Balochistan is the driest province of the country with an average rainfall of 21 cm. The temperature is very high in summer and very low in winter.

1.3 Hazards and Vulnerability

Climatic hazards turn into disaster when the community at risk does not have the ability to withstand the danger of death and devastation. The degree of vulnerability of a group, race, and community depends upon the structures of social, cultural, economic, and political opportunities available with a certain group. Because of weakness of infrastructure and magnitude of poverty, 90 per cent of natural disasters and 95 per cent of disaster-related deaths worldwide occur in developing countries.³ During the past decade 56 per cent of those killed worldwide by disasters each year were South Asians.⁴

Table 1: Total Number of People Killed or Affected by Disasters in Pakistan

Total number of People Reported Killed (1982-1991)	Total number of People Reported Affected (1982-1991)	Total number of People Reported Killed (1992-2001)	Total number of People Reported Affected (1992-2001)	Total number of People Killed (2001)	Total number of People Reported Affected (2001)
3,106	1,443,112	7,730	27,312,592	386	1,315,211

Source: *World Disasters Report 2002*.

Several hazards hit Pakistan in the form of earthquakes, drought, floods, cyclones, landslides, avalanches and epidemics. Table 2 describes recent natural hazards and their disastrous effects in Pakistan:

³ Bhatti, Amjad, May 28, 2000, 'Investigating the political economy of drought in Pakistan', <http://www.drought.sdnpk.org/may-28.htm>

⁴ Ibid.

Table 2: Recent Natural Hazards/Disasters in Pakistan

Event	Year	Regions Affected	Specific Areas	Impact
Earthquake	January 26, 2001	Sindh		12 people killed; 914,292 affected; 109,714 houses damaged and 10,971 collapsed
Drought	1999-2000	26 districts of Balochistan	Chagai, Kharan, Quetta, Qilla Saifullah, Loralai, Zhob, Mastang, Khusdar, Barkhan and Khaolu	1 million people left their homes; 2 million cattle died; 10.65 million livestock affected; 12,500 families faced acute shortage of food and water
Drought	1999-2000	6 districts of Sindh	Thar Kohistan, Dadu, Khairpur, Umarkot, Nagarparker	1.3 million people affected; 0.3 million migrated; 30,000 cattle died; 5 million livestock affected
Drought	1999-2000	Sindh and Balochistan		143 killed and 2,200,000 affected
Drought	1999-2000	One district of Punjab	Cholistan	125,000 people displaced; 65,000 livestock died ⁵
Drought	1999-2000	One district of the NWFP	Dera Ismail Khan	Data not available
Cyclone	May 29, 1999	120 km coastal belt of Sindh	Thatta, and Badin districts	231 killed; 597,482 people affected; 75,000 houses destroyed and 59,000 damaged; 0.4 million acres of agricultural land inundated; 28,000 head livestock perished; 675 fishing boats destroyed; roads, communication systems and electrical lines damaged
Flood	October and August 1988	Punjab	District of Sheikhupura and other areas in Punjab	196 killed; 1 million affected; 1.3 million hectares of land affected, over 37,000 houses destroyed; all the houses in Tatoon village were washed away
Flood	Aug and Sept 1992	Azad Jammu & Kashmir, many parts of Punjab, the NWFP, Sindh	Mangla, Jhelum, Mirpur, Dina and other parts of Punjab, the	1,555 killed; 18,508,422 affected; 404,500 houses damaged/destroyed;

⁵ Khan, Ayaz Ahmed, air Marshal, "Strategy to avert drought", <http://www.sdnpc.org/st-1.htm>

		the NWFP, Sindh	NWFP, and Sindh	more than 6,200 head of cattle lost, extensive damage to sugarcane and vegetables; property destroyed
Flood	March 3, 1998			1,000 dead; 200,000 affected; 4,000 houses washed away, 20,000 livestock killed, 50,000 acres of crops destroyed, 100 villages affected
Flood	July 23, 2001	Punjab and Mansehra district of the NWFP	Rawalpindi, Islamabad, Dadar and Buner villages	226 people died; 5,000 houses damaged and 1,000 cattle lost; loss of Rs. 10-15 billion in Rawalpindi

Sources: Compiled from EM-DAT: The OFDA/CRED International Disaster Database; United Nations websites.⁶

The section below elaborates on some of the calamities that have hit the country in the recent past.

1.3.1 Earthquake

On May 31, 1935 a major earthquake rattled the city of Quetta (Balochistan). The quake measured 7.5 on the Richter scale and lasted for 30 seconds. It almost completely razed the city great city to the ground on that fateful day and about 30,000-60,000⁷ people died within a few minutes under the debris of collapsed houses and infrastructure. After the great disaster, Quetta houses were generally rebuilt as single level dwellings. These houses are built with bricks and reinforced concrete. The structures are generally of lighter materials.

Generally, Koh-e-Hindukush, the mountain range in the North West Frontier Province, is the source of earthquakes in the country. However, these earthquakes have generally been of lower magnitude. Of recent earthquakes, the massive jolt that hit Gujrat in India in January 2001 also hit Sindh province. Twelve people were reported to be dead but many more were affected in the inaccessible areas where thousands of families lost everything as their houses collapsed: 109,714 houses were damaged and 10,971 collapsed in the wake of the shock that measured 7.9 on the Richter scale.

1.3.2 Drought

Historically rainfall follows a cyclical pattern in Pakistan. Droughts continue for three to four years. Since 1996, a big chunk of the country comprising of parts of Balochistan, Sindh, and Southern Punjab has been in the grip of drought. The drought period of 1999-2000 was the worst in the last 75 years in this region. A radical decrease in fodder killed livestock and the people living in the twenty-six districts of Balochistan, six districts of Sindh including Thar, and Kohistan, one district in Punjab and one district of the NWFP dependent on livestock for their livelihoods. In the NWFP, drought silently crept into Dera Ismail Khan district, which was once a very fertile land. Several people died of thirst and starvation. Overall in Sindh and Balochistan 143 people died, and 2,200,000 were

⁶ EM-DAT: The OFDA/CRED International Disaster Database, <http://www.cred.be/emdat/intro.html>; 'Brief on Drought Affected Areas Thar, Kohistan and Kachho Areas of Sindh Province', UNDP <http://www.un.org.pk/drought/sindhreport.htm>

⁷ EM-DAT: The OFDA/CRED International Disaster Database, <http://www.cred.be/emdat/intro.html>; Natural Earthquake Information Center, World Data Center for Seismology, Denver, USA <http://neic.usgs.gov/neis/eqlists/eqsmosde.html>; 'Pakistan information.com, <http://www.pakistaninformation.com/quetta.html>

affected.⁸ Some independent sources quote an even higher number of affectees: 1.1 million affected in Sindh and 2.1 million in Balochistan.⁹ The dry spell took its toll on livelihood patterns. There was mass migration in search of food and water and to rehabilitate lives and livelihoods.

One can look particularly look at the case of Balochistan to understand the impact of drought. The largest desert of Pakistan is found in western Balochistan. This is an area of inland drainage and dry lakes. The surface is characterized by sun-cracked clay, oxidized pebbles, salty marshes and crescent-shaped moving sand dunes. The area is particularly known for its constant mirages and sudden severe sandstorms. The drought situation in Balochistan has even been to some extent compared to the situation in Ethiopia: it has been said that, "Balochistan is just a step behind from Ethiopia. If appropriate measures were not taken, the great human disaster would take place."¹⁰ Out of a population of 5 million in Balochistan, a million people from Chagai, Kharan, Quetta, Qilla Saifullah, Loralai, Zhob, Mastang, Khusdar, Barkhan, and Khaolu abandoned their homes in search of food, water and fodder.¹¹ Dozens of people died and some 125,000 families faced acute shortages of food and water.¹² The suffering was so immense that newspapers reported that one father tried to sell his 15-year old daughter in desperation to buy food and water for his starving family of 15 members.¹³

The statistics released by the Relief Commissioner,¹⁴ Government of Balochistan, reveal that 1,973,169 acres of fertile agriculture land have become barren.¹⁵ Crops covering hundreds of acres of land were destroyed. The rangelands, which provided fodder to 27 million animals in Balochistan, spread over 21 million hectares catering for 70 per cent of feeding needs.¹⁶ Due to the lack of rain 60 per cent of the rangelands dried up. As a result in 1999-2000 two million cattle perished before help reached the drought affectees. About 10.65 million animals were affected.¹⁷ Almost 100 per cent of the livestock population suffered from liver fluke and lungworms. This reduced livestock prices and diminished the purchasing power of the population. The livestock farmers turned destitute as their stock eroded.

In Sindh, large tracts of land, especially Thar and Kohistan, were afflicted. Thar is the largest desert area of Sindh. The total area of this region is about 19,000 square kilometres. Kohistan covers an area of 13,000 square kilometres. Some districts of Thar have suffered periodic drought for decades. During the drought of the 1980s the local peasants and nomads were forced to eat tree bark, roots, and leaves.¹⁸

In the drought of 1999-2000, the total population directly affected was 1.3 million; 0.3 million migrated to the irrigated areas of Sindh although the water there was already running short.¹⁹ 120 human lives were lost largely due to natural causes accentuated by malnutrition and related problems.²⁰ In Dadu, Khaipur, Tharparkar, Umarmkot and Nagarparkar districts of Sindh more than 10,000 people were turned homeless who left their land for places where they could sustain their

⁸ EM-DAT: The OFDA/CRED, International Disaster Database, *ibid*.

⁹ BBC news, May 6, 'Pakistan fund for drought victims',

http://news.bbc.co.uk/1/hi/world/south_asia/738586.stm

¹⁰ Mengal, Muhammad Qasim, 'Drought grabs Balochistan,' <http://www.drought.sdnpk.org/qasim.htm>

¹¹ Khan, Ayaz Ahmed, Air Marshal, 'Strategy to Avert Drought,' <http://www.drought.sdnpk.org/st-1.htm>

¹² EM-DAT: The OFDA/CRED, 'International Disaster Database'.

¹³ Khan, Ayaz Ahmed, <http://www.drought.sdnpk.org/st-1.htm>

¹⁴ The Relief Commissioner is a government department that specifically looks into disasters and emergencies and has offices at provincial as well as higher levels.

¹⁵ Khan, Hukam, 'Drought calamities and insufficient devised strategies', <http://www.sdnpk.org/drought117.htm>

¹⁶ UN website on Balochistan drought, <http://www.un.org.pk/drought/balochreport.htm>

¹⁷ EM-DAT: The OFDA/CRED International Disaster Database, <http://www.cred.be/emdat/intro.html> and Khan, Ayaz Ahmed, *ibid*.

¹⁸ *Ibid*.

¹⁹ 'Brief on Drought Affected Areas of Thar, Kohistan and Kachho Areas of Sindh Province', UNDP, <http://www.un.org.pk/drought/sindreport.htm>

²⁰ EM-DAT: The OFDA/CRED International Disaster Database, *ibid* and UNDP's web site <http://www.un.org.pk/drought/sindhreport.htm>

livelihood patterns or their earning activities were affected severely.²¹ A total of about 30,000 animals are known to have perished out of an estimated livestock population of 5 million.²²

The Southeastern section of the Punjab region is Cholistan. The tract is underdeveloped, parched and thirsty. The summer temperature averages 51.7 Celsius and the area remains under the grip of extremely hot winds. The surface of this desert consists of a succession of sand dunes rising in places to a height of 500 ft. with vegetation peculiar to sandy tracts. There is no soil down to the lowest depth except sand; bitter water is, however, sometimes found at depths of 80-100 ft.²³ In the drought of 2000, some 125,000 Cholistanis left their *jhuggis* (thatched mud houses) surrounded by sand dunes in deep desert because their *tobhas* (water ponds) and *kunds* (water ponds) that quenched their thirst as well as that of their livestock no longer contained water. In Cholistan, 65,000 cattle died due to lack of fodder and water.²⁴ With the death of their livestock, Cholistanis lost their means of living.

1.3.3 Floods

The frequency of floods in Pakistan is higher than any other natural calamity. The world disaster database marks major floods in 1954, 1955, 1973, 1976, 1978, 1982, 1983, 1988, 1992, 1994, 1995, 1997, 1998, and 2001. Pakistan faces floods in summer (March-September), when the water discharge increases by 30 to 70 million acre feet (maf) in the four major rivers: Kabul, Indus, Jhelum, and Chenab.²⁵ The additional water inundates the cities and towns situated on the banks of these rivers and their streams. The floods mostly wreak havoc in Punjab and the NWFP. Some parts of Sindh, especially the coastal areas, also share the misery.

There were floods in August 1988 in the vicinity of Lahore, Punjab. A hundred and ninety-six people died, 1.3 million hectares of land were inundated, and over 37,000 houses destroyed. A village named Tootan located in district Shekhupura was flushed away by floods on October 6, 1998.

There were two floods in 1992, one in August and the other in September. The whole of Azad Jammu and Kashmir and many parts of Punjab, the NWFP and Sindh were affected as the river Jhelum flooded and water was released through the spillways of the Mangla dam following the heavy monsoon rains. People in Mangla, Jhelum, and Mirpur suffered as their houses collapsed, their properties were destroyed and they found themselves dislocated. The floods unleashed the wrath on 18,508,422 people. The death toll was 1,555. In the floods of August 1992, 221 people died, thirteen districts were affected, 317,000 houses were damaged (144,000 completely and 173,000 partially). Six thousand two hundred cattle were lost and extensive damage was done to standing crops of paddy, sugarcane, and vegetables. In the October 1992 floods, a state of emergency was declared: 11,948 villages were destroyed, 875,000 houses were damaged/demolished and 4,796,050 acres of land (probably mostly agricultural) were affected.

On March 3, 1998 torrential rains and tornados in different locations left 1,000 dead; 200,000 people were affected, 4,000 houses were washed away, and 20,000 livestock were killed. The flood destroyed 50,000 acres of crop land.

Floods in the recent past have occurred when the monsoon rains came in plenty while the rivers had already swelled up with an early and fast snow melting on the mountains. The worst flood hit northern areas, especially Rawalpindi, Islamabad, and some areas in the NWFP on July 23, 2001 wreaking

²¹ Khan, Ayaz Ahmed, *ibid*.

²² EM-DAT: The OFDA/CRED International Disaster Database, <http://www.cred.be/emdat/intro.html> and 'Brief on Drought Affected Areas Thar, Kohistan and Kachho Areas of Sindh Province', UNDP, <http://www.un.org.pk/drought/sindhreport.htm>

²³ Government of Pakistan, 'Country Profile', [http://www.pak.gov.pk/public/people/landpeo\(punjab\).htm](http://www.pak.gov.pk/public/people/landpeo(punjab).htm)

²⁴ Khan, Ayaz Ahmed, *ibid*.

²⁵ The News, May 12, 2000, 'From drought to floods?'

havoc. Severe flash floods and landslides were triggered bringing the death toll to 226. Five thousand houses were damaged and 1,000 cattle lost.²⁶

The monsoon spell brought life in the twin cities of Islamabad and Rawalpindi to a standstill, as roads were flooded. All links between the cities were submerged and traffic remained blocked for hours. The power supply and communication system was completely paralysed in Rawalpindi and partially in some parts of Islamabad. Railways and air traffic were disturbed. Trees fell in various parts of the city blocking roads and causing damage to electric wires.²⁷ *Kachi abadis* (the slum areas) took the big share of the havoc. 1,200 mud-dwellings were demolished in Islamabad as the floodwater inundated the *kachi abadis* (slum dwellings) along the banks of torrential streams that terminated into the *Nullah Leh* (name of what is now a sewage water stream called *Leh* that runs through Rawalpindi city). 10 people died in Islamabad. Due to encroachments along *Nullah Leh* and blocked drains compounded by 170 mm of rain, Rawalpindi suffered badly from flash floods. The *Nullah* carries rain and sewage water from Islamabad and Rawalpindi and later joins the River Sawan while meandering its way through thickly populated localities of the city. The level of water rose to 38 ft in places. The areas of Gawalmandi and City Sader Road had water up to 10ft. People escaped to the tops of their roofs leaving all their goods to be drowned in the dirty water of *Leh* or to be washed away by it. Electricity, gas and telephone were disconnected for several hours. The bridges on the *Leh* also got damaged.

Most of the businesses had their workshops and go-downs in Gawalmandi (a market in downtown Rawalpindi) and City Sader Road. Business worth billions of rupees was washed away with floodwater. The worst affected were pharmaceutical stores. People dealing in ply and wood also lost almost everything. Machines in several workshops ceased to function. Gawalmandi is the home of *gawalas* (milkmen). Their livestock drowned and carcasses were spotted floating and stuck in bushes on the banks of the *Nullah Leh*. The Number of deaths in Rawalpindi was reported to be 43. The world disaster database records an economic loss of Rs. 10-15 billion. The floods devastated more than 2,200 dwellings. The water level did not drop for quite a few hours. Those affected found themselves stranded with no food, electricity, or place to sleep.

The northwestern part of the NWFP also suffered from these rains. Dadar village in Mansehra district was destroyed by lightning and later swept away by the flood. The rains also loosened the soil resulting in landslides. About 40 houses were buried under boulders and tons of earth. 37 dead bodies were removed from the debris of the collapsed houses. Across the district 102 people were reported dead. Buner district was badly affected by heavy rain and lightning. Thirty died in Buner besides heavy loss to property worth millions of rupees.

1.3.4 Cyclones

Instances of cyclones in Pakistan are not many. The major ones hit in 1964, 1965, 1993, and 1999. The most destructive was in December 1965 when 1,000 people were killed in the coastal areas of Sindh. Those affected were poor farmers and their families, livestock breeders, and fishermen. A large-scale cyclone generating winds of 170 mph ripped across southern Sindh hitting at least 600 villages of Thatta and Badin districts on May 20, 1999.²⁸ At the time of the cyclone people gathered in groups keeping children in the middle and holding on to each other as everything over their heads flew off. Straw and mud homes were swept out to the sea. 75,000 houses were destroyed and 59,000 damaged. Bodies were found washed up on the shore and army and navy personnel dug others out of the mud as the floodwater receded. 231 people were killed, 597,482 people were turned homeless.²⁹ Bananas, rice and sugar cane were destroyed as 0.4 million acres of agricultural land was inundated. With 675 boats damaged, many fishermen lost their means of livelihood. 28,000 livestock were lost.

²⁶ EM-DAT: The OFDA/CRED International Disaster Database, <http://www.cred.be/emdat/profiles/natural/pakistan.htm>

²⁷ The Nation, Tuesday, July 24, 2001.

²⁸ CNN.com, <http://www.cnn.com/world/asiapcf/9905/23pakistancyclone.ol/>

²⁹ 'Emergency Aid to Pakistan for Cyclone Disaster Relief', May 27, 1999, <http://www.mofa.go.jp.announce/announce/1999/5/527.html>

Water and electricity supply communications were considerably affected. In Keti Bander of district Thatta, 72 miles southeast of Karachi, the water receded but lashing winds battered poor residents. There was nothing to eat and nowhere to go with water around. A failed rescue operation resulted in the deaths of 11 paramilitary soldiers who were swept away by a powerful ocean current.

1.3.5 Vulnerability

Of the geological and meteorological risks facing Pakistan, earthquakes cannot be predicted and may be experienced anywhere. However, climatic hazards can be predicted and prepared for. These hazards hit vulnerable people who live on steep slopes, in deep deserts and flood-prone areas, near riverbanks and dams, and in coastal areas. These are people who live in pockets of inequality and poverty. The drought in 1999-2000 in Balochistan, Sindh and Southern Punjab affected a population who already lived below the poverty line.³⁰ In Sindh 95 per cent of people live below the poverty line in the areas affected by the drought.³¹ This shows a clear linkage between disaster vulnerability and poverty. A joint assessment carried out by the government of Sindh, Save the Children Fund and UNICEF in 1987 revealed that social, economic and demographic changes gradually eroded the Thar's old way of life and its supporting institutions and practices which had earlier made it possible to withstand and survive long periods of drought.³² Moreover, if drought is not mitigated, prepared and planned for by the government and local population, it turns into famine. In Balochistan and certain districts of Sindh and Punjab, rainfall had reduced drastically and water levels were going down consistently, yet no disaster preparedness strategies were adopted. The drought only came to the government's attention when large numbers of livestock started to perish after almost two years of drought, in 2000.

Similarly flooding damages the Indus Plain. Localised damage is particularly severe in the catchment areas near small rivers. Even in the presence of effective flood protection in a number of locations, large areas along the major rivers remain vulnerable to floods. In many places, illegal encroachments and settlements of slum dwellers along the banks of streams and rivers, and solid waste disposal into the flow of the riverlets has decreased the width and the depth of the channels, which easily swell up and flood even if the rains are not heavy. Along with floods come landslides resulting from soil erosion. The effects of floods are exacerbated as houses collapse and earth and boulders roll down the hills. In the recent past, the intensity and destructiveness of natural hazards have increased because of increase in population growth and poverty.

1.4 Research Methodology

Access to reliable information on the role of the private sector in corporate social responsibility and disaster reduction was the principal methodological problem. In the absence of a reliable database and the private sector's earnest efforts to avoid tax administration, information regarding their contributions is difficult to obtain.

Our starting point for identifying and contacting relevant businesses was through the Chambers of Commerce & Industry, whose purpose is to bridge the gap between the business community and government. There are 38 Chambers in Pakistan. The major ones are located in Rawalpindi, Islamabad, Lahore, Karachi, Quetta, Peshawar, Faisalabad, and Sialkot. There is an apex body called the Federation of Pakistan Chambers of Commerce & Industry (FPCCI). FPCCI has its head office in Karachi with zonal offices in Lahore and Islamabad. FPCCI represents directly or indirectly almost all private business and industry in the organised sector. Membership of FPCCI is confined to Chambers and Associations of Commerce and Industry. FPCCI voices the collective opinions, concerns and aspirations of the private sector in the country and offers helpful advice, solid assistance,

³⁰ BBC News, May 6, 2000, 'Pakistan fund for drought victims', http://news.bbc.co.uk/1/hi/world/south_asia/738585.stm

³¹ 'Brief on Drought Affected Areas Thar, Kohistan and Kachho Areas of Sindh Province', *ibid.*

³² Thardeep Rural Development Programme, <http://www.thardeep.org/>

and the accumulated experience of the business community to the government. At the city level, individual Chambers of Commerce and Industries are active, representing private corporations in the city. However, most multi-national companies do not interact with the local Chambers of Commerce. We therefore contacted some multi-nationals directly. Since the informal economy is an important feature of Pakistan's private sector, we also tried to contact small traders' representatives and their bodies.

Phone calls, faxes and emails were the means employed to start and carry on the study. Information was also gathered from books, survey reports, case studies, newspapers, and web based articles. An interview protocol (Appendix 2) was developed, based on other case studies in this project. Semi-structured interviews were conducted. Two interviews were conducted by telephone and six were face to face.

We sent 67 fax messages and 51 e-mails. Forty-six industrialists, who were members of FPCCI, were e-mailed. The rest of the mails were addressed to city Chambers. The fax messages were followed by phone calls. Only nine addressees responded to our fax messages either by fax or by their response to our phone calls. One company responded that they did not participate in disaster mitigation efforts and the other said that their head was out of the country. Upon identification of businesses and organisations of business communities interviews were conducted. One response was not an interview, but it was a detailed reply through e-mail.

The study started by calling the Islamabad Chamber of Commerce & Industry, which provided a list of chambers of commerce & industry and a list of member companies of the Islamabad Chamber.

We then interviewed the Programme Coordinator of SAARC (South Asian Association for Regional Cooperation) Chamber of Commerce and Industry Pakistan. He provided us with a printed handout of Managing Committee of the Federation of Pakistan Chambers of Commerce & Industry for 2001 and 2002. Of the 51 e-mails sent, we got only two responses. Both responses were from the platform of FPCCI, Karachi. One was a list of banks (national and international) operating in Pakistan that was not relevant. The other mail was from an individual who sent his two research papers on Corporate Social Responsibility.

We sent faxes to 18 Chambers addressing the Presidents and asking if they knew of companies that contributed towards flood, drought and earthquake mitigation or preparedness; the prevention of deforestation; and contributions to any social cause in the spirit of corporate social responsibility. An average of five follow-up calls per fax were made. The responses were somewhat like this: "Call again", "What?" "No we do not do any such thing", etc. We had to call some Chambers many times to find the relevant person in his office. In others, the relevant people did not have sufficient knowledge or did not want to share information with us. Generally, companies do not disclose their contribution to social causes or carry out such activities on their own. Some officials in Chambers told us that they had circulated our fax messages to their member organisations and would contact us if they were sent relevant data by their members.

The Quetta Chamber forwarded the contact number of an organisation that actively contributed to drought relief activity in Balochistan. We could not get in touch with the Chief Executive of the organisation even after making several phone calls: however, after a few days the company sent us information about its activities. Such a quick response was encouraging indeed. And we conducted our first interview!

On calling the Sargodha Chamber after our faxed message, we found out that the Secretary of the Chamber had already posted a list of organisations and/or businessmen who are involved in social

work³³ including disaster mitigation activities. We received the names of three organisations. We were able to interview representatives of one of the organisations.

The Sialkot Chamber representatives were quite proactive, sharing a list of social welfare projects with us. The Secretary told us that the Chamber on its own also contributes to the government relief fund at times of disaster. The Azad Jammu and Kashmir Chamber was contacted twice by phone. The President then e-mailed information on the participation of the Chamber and his role in a private capacity. After two faxes and several follow-up calls, the President of the Lahore Chamber of Commerce & Industry responded. We received a list of companies who contributed during the 1992 flood. We contacted short-listed organisations but they were not willing to share information regarding their specific contributions with us.

The Karachi Chamber faxed us a list of major contributors to disaster and cyclone relief fund after much delay. We called several businesses and did not get a positive response from here either. Two contacts on the list provided by KCCI were of research organisations that had produced reports on drought in Sindh. We talked to one of the major contributors identified in the reports. The person refused to acknowledge his organisation's role. After some searching, we made an appointment with a former President of the Karachi Chamber who had actively participated in the cyclone relief activity. Finally, we were also able to get through to Lever Brothers in Karachi.

Though we have collected quite a bit of data on socially responsible/philanthropic behaviour by the private sector, it was not possible to use all of it in this report, given human and time constraints. However, as well as the general patterns of practice, we have discussed five cases of socially responsible behaviour in more detail in Section 3. We have also discussed two case studies on disaster reduction in Appendix 1.

Lessons Learnt Regarding Methodology

Fax messages should always be sent first followed by telephone calls. It becomes easier for the person at the other end to comprehend the situation against the backdrop of the information sent through fax. A sudden telephone conversation may feel intimidating.

Fax and phone calls fetch quicker responses than e-mails. We would talk directly to the President or to the Secretary of the Chamber, generally. Often, the Chamber representatives are not too aware of the activities of their member organisations. Do not give up, keep calling, requesting the informant to forward the relevant information.

We used the guidelines identified in the interview protocol in our phone and face-to-face interviews. However, we must caution that we did not use all the indicators identified in every interview. The choice of topics covered varied from interview to interview. Despite the positive³⁴ nature of the research project, private corporations are extremely hesitant to provide information, particularly about issues such as their turnover etc. Pakistan is a severely under-taxed economy. Only 1 per cent of the taxable population pays tax. Most evade it. It is easy to under-value profits by a large margin in companies' audit reports. Various governments in Pakistan have tried to widen the tax base in the past, and the present military government launched a campaign in 2000. Hence, traders and industrialists are extremely wary of sharing information about the size of their businesses, fearing that this information might reach the government and lead to the imposition of tax on them. Quite a few respondents did not want to share information on the amount of money or goods and services they provided for disaster reduction either, for similar reasons.

³³ Social work is a more commonly used term in Pakistan. Corporate social responsibility jargon has not quite caught on.

³⁴ We call it "positive" because we were looking at a socially positive contribution by the private sector compared to the other research we do where we often have to inquire about deficiencies and problems.

2 The Private Sector and Corporate Social Responsibility

This section contextualises corporate social responsibility in relation to the role of private sector in the economic development of Pakistan (highlighting the sector-wide contribution to the economy and major industries of the country and linking it to the state of industrial development), traditions of philanthropy and the rise of non-profit social welfare and community development organisations in the absence of a social safety net. Finally, some practices of corporate social responsibility are discussed as this concept is very gradually making inroads in the private and multinational sector.

2.1 Role of the Private Sector in Economic Development

Pakistan is basically an agrarian society with approximately two-thirds of its people living in rural areas. Both the country's economy and people's livelihoods are mainly tied to agriculture. However, the spectrum of the industrial and business driven sector is increasing with increasing rural to urban migration. The private sector mainly deals with commodity production and services. Table 3 shows the per centage contribution of private sector industries to GDP. Although small and medium industries dominate the industrial scene, 80 per cent of the revenue of the private sector is spun from large and multinational industries that also include large public sector industries, and 20 per cent from small and medium industries and small and medium traders.³⁵

Table 3: Economic Performance of the Private Sector

Type of Industry	Number of Industries	Per centage Contribution to GDP	Revenue Spun in Per centage from Private Industries
Multinational	60	16	80 (including large public) 20
Large Private	900	71	
Small Private	40,000		
Medium Private	10,000		
Traders (wholesale, retail, import, and export)	89,010		
Public	30	13	N/A
Total	140,000	100	

Source: Interview with an employee of the Central Board of Revenue, Ministry of Finance, Government of Pakistan.

Large industries in the private sector are involved in: petroleum and oil products, textiles, sugar, cigarettes, cement, beverages, iron & steel, auto parts, paper and paper board, ice cream, food products, plastic products, paints & varnishes, chemicals, electric appliances, ship breaking, leather products, assembly of cars/trucks/motor bikes, stationery, paper products, ready made garments, and coal mining. Small and medium industries include small textile units, retail businesses, repair workshops, and manufacturers of leather goods, food products, small plastic products, and rubber goods. In the services sector, the private sector is involved in transportation, storage, wholesale & retail trade, finance & insurance, food, banking, and property.

Services dominate the private sector with manufacturing lagging behind. Some of the large industries are also multinational and siphon off their profits elsewhere such as International Power Producers (IPPs) which sells electricity at international rates to Pakistan and is pushing Pakistan's public power generation and distribution body –WAPDA- into bankruptcy. The skewed distribution of the labour force also indicates the limited role played by the manufacturing sector. The total labour force is

³⁵ CBR Year Book, 2000-2001, Directorate of Research and statistics, Central Board of Revenue, Government of Pakistan, Islamabad.

37.15 million. More than 48 per cent of this is in the agricultural sector and 11.25 per cent in the manufacturing and mining sectors.³⁶ Table 4 shows the contribution of the commodity producing and services sectors.

Table 4: Sectoral Share of Various Sectors in Gross Domestic Product

Sector	1999-2000 in Per cent	2000-2001 in Per cent	2001-2002 in Per cent
Commodity Production	50.9	49.8	49.1
1. Agriculture	25.9	24.6	24.1
Major crops	11.5	10.1	9.7
Minor Crops	4.2	4.1	4
Livestock	9.1	9.3	9.3
Fishing	.9	.9	.9
Forestry	.1	.3	.3
2. Mining & Quarrying	.5	.5	.5
3. Manufacturing	16.7	17.5	17.7
Large Scale	11.7	12.4	12.4
Small Scale	5	5.2	5.3
4. Construction	3.5	3.4	3.3
5. Electricity & Gas Distribution	4.4	3.8	3.6
Services	49.1	50.2	50.9
6. Transport, Storage and Communication	10.2	10.5	10.1
7. Wholesale & Retail Trade	14.9	15.3	15.1
8. Finance & Insurance	2.3	2.3	2.3
9. Ownership of Dwelling	5.9	6.1	6.2
10. Public Administration & Defence	6.5	6.4	7.3
11. Other Services	9.3	9.7	9.9
12. GDP (Constant Factor Cost)	100	100	100

Source: Economic Survey of Pakistan, 2001-2002, Government of Pakistan.

The services sector's share of GDP is 50.9 per cent and manufacturing is 17.7 per cent.³⁷ Agriculture contributes 24.1 per cent. In the manufacturing sector, large-scale manufacturing industries account for 70 per cent of overall manufacturing. The services sector grew by 5.1 per cent in 2001-2002, manufacturing grew by 4.4 per cent; agricultural growth has suffered a severe setback registering a continuous decline since 1999 due to the drought. Due to the small size of the manufacturing sector, it is easy for large industries to dominate it.

2.1.1 State of Industrial Development

Pakistan is still mainly an agrarian economy with 68 per cent of its population residing in rural areas and 47 per cent of the total population of Pakistan depending upon agriculture and agriculture related activities as their livelihood. The role of the business-oriented private sector is still relatively limited both in terms of its contribution to GDP and its coverage. It is mainly limited to the main urban centres. Pakistan's industry has not been able to stand on its feet in the last fifty years. Pakistan inherited no industrial base at the time of partition in 1947. Industrial development was mainly kick-

³⁶ Economic Survey 2001-2002, Government of Pakistan, Economic Advisor's Wing, Finance Division, Islamabad.

³⁷ Economic Survey, 2001-2002, Government of Pakistan, Economic Advisor's Wing, Finance Division Islamabad, Chapter 1.

started in the 1960s with the help of the military government of Field Marshal Ayub Khan. However, the nationalisation policies of the democratic regime of Zulfikar Ali Bhutto stalled its development in the 1970s. The military government in the 1980s again supported industry and business. Up to 1980, economic growth was steady at 6 per cent per annum. During the first half of the 1990s it was five per cent, which decreased to 4 per cent in the second half of the decade. During the fiscal year of 2001-2, it decreased to 3.05 per cent.³⁸

A common view of industry is that it has taken most of the resources, both legally and illegally, and has not contributed to the development of the country. Big businesses have taken billions of rupees of loans from the deposits of the poor (through government banks) and have not returned the money. Due their political influence, they have gotten most of the loans written off. And industry does not pay taxes either. Out of 140,000 registered companies (Table 3) 35,000 small and medium size industries are defaulters of sales tax. Government bears an annual tax loss of Rs. 18 billion due to short payment or default.³⁹ More than 85 per cent of taxes come by indirect taxation and only a small portion through direct taxation. Indirect taxation is a heavy burden on the middle class and low-income groups because it consists of General Sales Tax on consumer products.

Popular views are that both the landed and industrial elites do not pay taxes and are beneficiaries of government policies due to their socio-political influence. As a result income inequality is increasing. The top 20 per cent of the population gets 50 per cent of the total income and the lower 20 per cent gets only seven per cent of real income.⁴⁰

2.2 Philanthropy and Non-Profit Community Development

The state of social service delivery is dismal in Pakistan. Poverty has increased from nearly 17 per cent in 1987-88 to around 34 per cent in 1999-2000⁴¹ as basic needs are traded off with military expenditure. More and more people are being excluded from social, economic and political opportunities, sources of income are diminishing, and access to basic amenities is not available. Funds allocated for social safety nets are Rs. 20 billion, which is about 0.6 per cent of GDP against the requirement of Rs. 70 billion, which equals 2 per cent of GDP. Public service expenditure has decreased accordingly. Successive governments have cut development expenditure (i.e. expenditures on health, education, infrastructure and social development) to balance the budgetary deficit.⁴² Owing to under spending on development, the country is beset with problems of infrastructure, clean water supply, housing, employment, rural urban migration, disproportionate land distribution, and inflation. Of all these problems unemployment stands out as with every 0.5 per cent increase in unemployment, poverty jumps by 2.39 per cent pushing 3.3 million more people into poverty. In the 1990s, unemployment took a giant leap from 3.1 per cent to 7.8 per cent.⁴³

Realising this depressing state of affairs, a few individuals and organisations are trying to help in view of the shrinking role of the state in social development. The Edhi Trust, set up by Abdus Sattar Edhi five decades ago, is one of the largest non-profit safety nets available to the poor and the destitute in Pakistan. Edhi started his organisation by shifting injured people to hospitals in 1948 and since then has developed a system of services in the form of a welfare trust. The trust attracts funds of \$5 million per year with no government assistance.⁴⁴ The Edhi Foundation has now extended its network to other parts of the world. The Foundation particularly helps people in time of disasters in Pakistan and in the rest of the world.

³⁸ Government of Pakistan 2001-2002, 'Statistical Index' in *Economic Survey of Pakistan*, Islamabad: Economic Advisor's Wing, Finance Division.

³⁹ Interview with a Central board of Revenue (CBR), Federal Ministry of Finance's employee.

⁴⁰ Government of Pakistan 2001-2002, *Economic Survey of Pakistan*, ibid.

⁴¹ Ashfaq, Dr. Muhammad and Hussain, Munawar, *The Nation*, Aug 11, 2002, 'The poverty problem'.

⁴² Government of Pakistan 2001-2002, in *Economic Survey of Pakistan*, ibid.

⁴³ Ibid.

⁴⁴ Edhi Foundation, http://www.telmedpak.com/ngos.asp?a=Edhi_Foundation

Dr. Akhtar Hameed Khan is a legend in self-help development with his groundbreaking works in the slum areas of Karachi. He has worked with the poorest of the poor to build a sanitation system in 10 per cent of Karachi's slums at a fraction of the government charges without any financial aid. He has helped residents with a community-based programme to provide sanitation to about one million people in the last three decades in Orangi, a slum area in Karachi.⁴⁵

Akhtar Hameed Khan was a trailblazer and many have followed since. There are now about 10,000 non-governmental organisations in Pakistan working in education, health, rights awareness raising, housing, micro-credit and many other fields. The Aga Khan Foundation (AKF) is a large non-profit development organisation that supports social development projects designed to benefit the poor. The Foundation seeks practical and inexpensive ways to enhance the quality of education, improve health care and increase rural incomes. It is also concerned with gender equity, preserving the environment, promoting small enterprise development and strengthening non-governmental organisations. AKF helps and extends welfare services by creating partnerships involving government, business and citizen organisations.⁴⁶ AKF has initiated extensive development initiatives in the geographically isolated Northern areas of Pakistan. From its earliest work in rural development, the Foundation has emphasized the crucial role of strong grassroots organizations. Its rural support programmes became successful intermediary vehicles to facilitate a village-driven approach to increasing rural incomes and asset building. By its efforts, the foundation brought education and electricity to former backwaters.

The Citizens Foundation (TCF), based in Karachi, is another professionally managed, non-profit, non-political organization dedicated to the promotion of quality education on a mass scale in rural and lower income urban areas of Pakistan. The Citizens Foundation does not seek funds from UN agencies and international donors, and has already managed to build sixty schools in Karachi, Kasur, Lahore and Rawalpindi in the four years of its existence. Over a ten-year span, it plans to build 1,000 schools providing formal education for boys and girls in the most underprivileged neighbourhoods.⁴⁷

Another organisation, Thardeep, is running its Thardeep Rural Development Programme (TRDP) in Sindh. The organisation was initially established as part of emergency relief work carried out by Save the Children Fund and the government of Sindh to address the effects of drought in Thar in 1987 by involving communities in a development process. In 1992, an external evaluation recommended TRDP to translate the experience into an independent organisation, supporting communities in forming village development organisations, and to build their capacities through training for a sustainable livelihood in Thar.

These are only a few examples and there are thousands of non-profit organisations, foundations and organisations working for pro-poor social development. However, despite the plethora of initiatives, the contribution of the non-profit sector is a drop in the ocean. It does not even cover 1 per cent of the population. It has not and cannot replace the need for a social security oriented government. Can the private sector fill this vacuum left by the inefficient and inadequate role of government in social service delivery? It is indeed a big question.

2.2.1 Discussions on Philanthropy

Since Pakistan's population is more than 90 per cent Muslim and Islam is the state religion, it is worthwhile to look at traditions of philanthropy in the context of Islam. As with all world religions, helping the needy and the destitute is an act of worship in Islam. There is no limit on earnings if the means comply with the doctrine, but Islam applies a condition of paying two and half per cent of income and a fixed per cent on monetary holdings to the needy if one's earnings exceed a certain amount. This is known as *zakat* and is one of the five fundamental pillars of Islam.⁴⁸ The word *zakat*

⁴⁵ "Dr. Akhtar Hameed Khan: Hero of the Poor", <http://www.yespakistan.com/ahkhan.asp>

⁴⁶ Aga Khan Foundation, http://www.akdn.org/agency/akf_ngoenhance.html

⁴⁷ The Citizens Foundation, <http://www.un.org.pk/unic/citizens.htm>

⁴⁸ The five pillars of Islam are: (1) the declaration that there is no god but Allah, (2) offering prescribed prayers five times a day, (3) giving *zakat*, (4) fasting for a month once a year in the holy month of Ramadan, and (5) to

means to purify. By giving charity, the giver's heart is purified from the love of wealth. *Zakat*, also called the poor-tax, is a mandatory religious welfare tax.⁴⁹ It is the backbone of the economic system of Islam. Its aim is to improve the condition of the poor by preventing the accumulation of wealth in a few hands and channel its redistribution. Money thus circulates and reaches the poor and the downtrodden. Since the *zakat* amount is negligible, the well off can also occasionally distribute cash or gifts in kind to the poor as *sadaqa* and *khairat* (alms). While *zakat* is mandatory, *sadaqa* and *khairat* are meritorious and voluntary. *Zakat*, *sadaqa*, and *khairat* have made philanthropy a strong Muslim tradition.

However, this does not mean that only Muslims have been involved in philanthropy in Pakistan. Muslims and non-Muslims alike have contributed to philanthropy. Traditionally, institutionalised philanthropy was directed at providing health care. Hindu philanthropists set up the Gulab Devi and Ganga Raam hospitals to provide free health care to the poor in Lahore before Partition. Now the government owns these hospitals. Some businesses have also been playing a philanthropic role by contributing to funds raised for hospitals and schools. In the 1990s, the Shaukat Khanum Memorial Cancer Hospital and Research Centre was founded by a cricket superstar - Imran Khan - for the poor. Businesses and individuals donated to the hospital as well as other citizens of Pakistan (though Imran Khan claimed that the poor contributed more than the rich).

There have been other efforts at institutional/sectoral philanthropy. TEDDS—Trust for Education & Development of Deserving Students—in Lahore is an example of citizens' philanthropy in education. Some prominent citizens such as retired judges, advocates, journalists and writers got together and established this educational trust for deserving students. TEDDS believes that the social structure in our country disallows access to equal opportunities and hinders development of the underprivileged. Since the government is constrained by its financial resources, TEDDS has established a girls' school and a boys' school in Lahore with the aim of providing quality education to deprived children. No fees are charged from the students. They are also given books free of cost and enjoy free transportation. The computer room has 40 computers operated by 40 pairs of students.⁵⁰

The Aga Khan Foundation organized a conference on indigenous philanthropy in October 2000. As a result of the conference, it has started a new project called the "Pakistan Centre for Philanthropy". It did so to enhance the capacity of non-governmental organizations. Philanthropy is a strong Muslim traditional and it made an attempt to highlight this. It also launched an "Initiative on Indigenous Philanthropy" focusing not only on the quantity but also the quality of giving and volunteering. It sought to make linkages between traditional charity and planned social development in order to achieve self-reliance. On the basis of its series of research studies and other tools of data gathering, it came up with the following main pointers to the extent and nature of private philanthropy:⁵¹

- From a National Survey of Individual Giving, the Initiative found that Pakistanis gave the equivalent of Rs 70 billion in monetary donations, volunteer time and gifts-in-kind during 1998.
- The majority of current philanthropic activity is directed towards individual recipients rather than organisations, with the exception of religious institutions.
- From research and consultations, the Initiative heard that civil society institutions - the NGOs - are not well understood, by government, potential corporate donors or the general public. At best this misunderstanding is manifested as ignorance or lack of awareness; at worst, as mutual mistrust, suspicion and even hostility.

offer *hajj*- pilgrimage to Makkah, if one can afford it financially in one's life time. Just as the pillars sustain a building, these principles, according to the teachings of Islam, are the basis of piety and of a virtuous worldly life.

⁴⁹ Farkhanda Noor Muhammad, 1992, *Islamiyat for Students*, Lahore: Feroze Sons (Pvt) Ltd.

⁵⁰ Kamran, Gilani, March 23, 2000, 'Philanthropy in Education', *The Daily Nation*.

⁵¹ Aga Khan Development Network, <http://www.akdn.org/agency/philanthropy/ingphilINTRO.html#initiative>

- Business leaders signalled their willingness, and indeed their desire, to be "good corporate citizens" and to work with other partners to achieve social development goals. However, they need information, assistance and greater confidence in the citizen sector to make sound social investments.
- In this latter regard, the study of international experience revealed that philanthropy-support institutions provide successful models for ways to build the capacity of both grant makers and grant seekers. In many instances they also helped to redress the lack of public awareness of philanthropic opportunities and activities.
- The examination of the current legal and fiscal framework in which philanthropic activity currently operates showed that it needs improvement in several key areas, most crucially in the legal framework in which NGOs and other charitable organisations are registered.
- Finally, the Pakistani media does not yet see the business case for reporting on development issues, especially with regard to 'success stories' in citizen-led development initiatives. Moreover, the research underscored a significant difference between the portrayal of citizens' organisations (or NGOs) in English- and Urdu-language media coverage.

On the basis of this research and consultation, the conference made the following three recommendations:⁵²

1. That Government, social investors, business, and citizens' organisations engage in a multi-stakeholder consultative process to build consensus and confidence in a new, more enabling regulatory and fiscal framework.
2. That the media and other agents of public understanding undertake a special initiative to raise public awareness of the citizen self-help movement.
3. That a centre for philanthropy be established as a permanent institutional vehicle to enhance philanthropy as a social investment.

2.3 Corporate Social Responsibility

Global trends show companies engaging the community in a variety of ways, including donating products or services, creating employee volunteer projects, and "loaning" executives and managers for a number of socially beneficial reasons. Corporate social responsibility can be defined as operating a business in a manner that meets or exceeds ethical, legal, commercial and public expectations.⁵³ It is a comprehensive set of policies, practices and programmes that are integrated throughout business operations and decision-making processes that are supported and rewarded by top management. These policies refer to a wide range of actions taken by companies to have an impact with their donated money, time, products, services, influence, management knowledge, and other resources in the communities and markets that they serve.⁵⁴

Various terms, such as voluntary code of conduct, corporate self-regulation, voluntary initiatives, corporate social responsibility agenda, co-regulation (involving corporations, NGOs and multilateral organisations),⁵⁵ sustainable development partnership, sustainable strategies, and good corporate citizenship are used to indicate acceptance of responsibility of business for the social and environmental impacts of its activities, especially those multinational corporations (MNCs). Concepts

⁵² Ibid.

⁵³ 'Introduction to Corporate Social Responsibility', <http://www.bsr.org>

⁵⁴ 'Community Involvement, Business for Social Responsibility', <http://www.bsr.org/BSRRResources?whitePaperDetail.cfm?DocumentID=264>

⁵⁵ Freeman, Jennifer, 'Voluntary Approaches to Corporate Responsibility', <http://www.unrisd.org>

such as state-led regulation have often given way to ideas of corporate self-regulation or co-regulation.

Developing countries are the source of many MNCs' products and often the market for them. MNCs often get high profits in developing countries due to cheap labour and other operating costs. They, at times, spend to improve the prevalent bad infrastructure in developing countries. The outcome of this approach is voluntary initiatives to address the country's needs and those of its people.

In view of the growing movement against globalisation, the gap between the rich and poor, labour unrest, human rights violations, corruption scandals, forced labour and child labour, more and more companies have come under pressure to engage with communities and share their wealth and skills to improve the quality of life of local people. Non-governmental movements against big business have put corporations under pressure to act in a socially responsible way. Companies with a high risk of public exposure, such as Nike, GAP, Disney and Reebok have worked hard to develop and implement codes of conduct.⁵⁶ Besides the need to protect brand value, studies in the developed world reveal that companies' efforts are further motivated by the business benefits of community involvement. These include increased sales and thus enhanced company reputation, improved employee morale, fostering of employee skills, an enhanced potential employee pool, reduced operating costs, increased customer goodwill and loyalty, attracting investors, and being seen as a "neighbour of choice" in the community.⁵⁷ *Fortune* magazine lists "corporate citizenship" along with "financial soundness" and "quality of management" among the eight criteria used in its annual survey of "Most Admired Companies".⁵⁸ The *Wall Street Journal* also includes corporate citizenship among its measures of preferred companies in which to invest.

The concept of corporate social responsibility is very new in Pakistan and has arrived here mostly through partnerships with international non-profit organisations such as the Save the Children Fund. The common perception among the private sector is that the state does not have the means to deliver on social development. During our interviews, industrialists would often say, "...the government (of Pakistan) does not have any money" and "it cannot do much". However, the discourse of corporate social responsibility is not commonly known in Pakistan. Both foreign and national private corporations do contribute, but their contributions are sporadic and their involvement is not systemized. During one of our interviews, the SAARC Chamber of Commerce and Industry (SCCI) informed us that it had proposed a government and industry partnership to address the serious development challenges that poverty imposes. According to the SAARC Chamber representatives, they were the first to address the issue of corporate social responsibility at the Economic Cooperation Conference it held in Kathmandu in February 2000.⁵⁹

Despite the fact that the paradigm of corporate social responsibility is in its infancy in Pakistan, there are a few practices of corporate social responsibility. For example, several companies that source or manufacture their products in Pakistan, where child labour is used, the production process is environmentally degrading, or there are other social problems, have attempted to address this issue in a more socially responsible way in their partnership with international non-profit organisations. The following paragraphs outline a few examples of such corporate social responsibility in Pakistan.

2.3.1 International Sports Industry and Child Labour

Successful practices of corporate social responsibility on the issue of child labour include the following:

⁵⁶ Brandsma, Erik, 'Made in China', Analysis and Trend Reporting', <http://www.bsr.org/BSRResources/Magazine?CSRTrends.cfm?DocumentID=927>

⁵⁷ "Introduction to Corporate Social Responsibility", *ibid*.

⁵⁸ "Community Involvement", Business for Social Responsibility', *ibid*.

⁵⁹ Interview with the SAARC Chamber of Commerce and Industry, Islamabad. We also found out that Mr. Qasim Ibrahim, President of the SAARC Chambers of Commerce & Industry donated Rs. 100,000 for people affected of the earthquake in Sindh in 2000. Mr. Qasim Ibrahim is the wealthiest industrialist in the Maldives and runs a business by the name of 'Villa Group.' He owns 7 five-star hotels.

2.3.1.1 International Sporting Goods Manufacturers in Sialkot

In the past decade with the rise in global manufacturing, the use of child labour in the manufacture of products for export has made child labour a subject of increasing worldwide attention. Pakistan produces 75 per cent of the world's soccer balls. In the 1990s, the exploitation of children in the industry in Sialkot became a major concern internationally, with serious concerns raised by civil society groups and major buyers.⁶⁰ International sporting goods manufacturers in 1996 asked for the advice of the Save the Children Fund (SCF). SCF then designed and conducted a measured programme of research enquiry to delineate the lives of the children involved in the football trade. The research revealed that:⁶¹

- Football stitching is not notably hazardous or exploitive for the children. It is not bonded work and most children work to help their families and meet basic needs.
- Children are deterred from attending school by the poor quality of education provision, but work does not prevent children from attending school.
- Football stitching is flexible work that can be fitted around other activities, including schooling.
- Adults and women receive low wages; as a result children help their parents.
- Women face difficulties while working in large factories because of the cultural norms that bar them

SCF warned the industry against hurried measures that might save children from one bad situation only to push them into more hazardous forms of work.⁶² On the basis of its findings, SCF proposed to:

- Improve educational opportunities
- Secure access to credit and savings
- Pay adult workers more
- Organise women's stitching centres
- Phase out child labour over time
- Monitor the impact of changes in the industry on children and their families.

This research provided a serious assessment of the situation of child labourers in the sports industry in Pakistan. The world's leading sporting goods companies carried the solutions suggested forward. A partnership of these companies is overseeing a programme of independent monitoring to verify efforts to eliminate child labour by 31 participating manufacturers who represent 80 per cent of Pakistan's soccer ball exports. The partners are implementing a social protection programme that provides educational and other opportunities to children removed from the industry. In February 1998, 19 education centres were created for former child workers and nearly \$2 million was expected to become available as capital for families previously dependent on income from child labour.

2.3.1.2 Saga Sports (Nike) in Sialkot

Saga sports is Nike's sole soccer ball contractor in Pakistan. With the help of Nike, Saga sports opened seven stitching centres around Sialkot on the latest manufacturing lines.⁶³ Saga is paying school tuition for former child workers, while hiring their family members who are of legal age. The centres are part of an agreement between Nike and Saga that Saga will discontinue outsourcing and subcontracting. One centre is exclusively for women. Each of the centres has childcare facilities, a fair price food store, and health care facilities whose staff are available for workers' families as well.

⁶⁰ 'Child Labour', *Business for Social Responsibility*, <http://www.bsr.org>

⁶¹ 'Stitch in Time Turns Penalty to Plus' in "id21 Society & Economy", Communicating Development Research, <http://www.id21.org/society/insights285.html>

⁶² An attempt to eliminate child workers in the garment industry in Bangladesh resulted in greater hazard and exploitation for many children.

⁶³ 'Child Labour', *ibid.*

2.3.1.3 Reebok in Sialkot

Similarly showing corporate social responsibility, Reebok sponsored a school for former child workers, the Chaanan Institute for Child Labour Rehabilitation, in Sialkot.⁶⁴ The balls are labelled “Guarantee: Manufactured without child labor”. The salient features of the Reebok programme are:

- All production takes place inside a specially built facility in which all workers are at least 15 years of age.
- External monitoring ensures that children under 15 do not enter the factory and no ball panels leave the factory for stitching elsewhere.
- Educational or vocational training is provided for children in the soccer ball-manufacturing region of Pakistan.

2.3.2 Fertiliser and Home Products MNCs’ contribution to health, education, infrastructure and environmental issues

2.3.2.1 Engro Chemical Pakistan Limited (ECPL)

Engro Chemical Pakistan Limited (ECPL, formerly Exxon Chemical Pakistan Limited) is the second largest producer of urea fertilizer in the country and is well positioned to take advantage of the growth and challenges in the agricultural sector. Apart from selling its own manufactured urea, Engro also markets imported di-ammonium phosphate and other potassic and phosphatic fertilizers.⁶⁵

Engro’s manufacturing plant is situated at Daharki, district Ghotki, a rural and underdeveloped area in upper Sindh. Daharki and its vicinity is the focal point of community welfare services. Following projects have been undertaken in the health sector:

- Free eye camps were initiated 18 years ago in Daharki and other rural areas. They have treated more than 33,000 individuals. Cataract surgery, minor eye surgery and implantation of Intra Ocular Lenses (IOL) are carried out at the camps.
- An eye care centre established in 1999, equipped with latest machines, caters for all kinds of eye ailments. An average of 100 patients visit the centre every day. Cataract surgery and IOL transplantation are done here.
- A Kidney Dialysis Centre located in the Rural Health Centre at Daharki became operational in March 2001. The centre attends to the needs of upper Sindh and lower Punjab.
- A snakebite clinic was established at the company’s inception. Treatment is free and has saved more than 38,000 lives.
- A Maternity Home and later Mother and Child Care Centre receives people from within a radius of 40 miles around Daharki.
- A local NGO was given a computerised blood-screening laboratory. A blood bank was also established to provide screened blood free of cost.
- A Thalassaemia Centre has also been set up.
- In Karachi, Engro is constructing an eye OPD building in collaboration with a local NGO.
- It contributed towards the construction of a Cardiac Surgery Unit at the Aga Khan University Hospital.
- It also made a substantial donation for the development of a programme on nuclear medicine at the University.
- It helped to build a Bone Marrow Transplant Unit at the National Institute of Child Health, Karachi. This is the first facility of its kind in Pakistan.

In the field of education ECPL has rendered the following services:

- A Training and Resource Centre (TARC) to improve the quality of education in the district. The TARC is operating with the collaboration of Engro Chemical and the Ali Institute of Education based at Lahore. TARC started operations on May 02, 2000 and imparts training

⁶⁴ Ibid.

⁶⁵ All text on Engro Chemical Pakistan Limited has been compiled from Engro’s website, <http://www.engro.com>

on basic pedagogical issues like lesson planning, classroom management, group work, and use of local resources. Seminars for Head Teachers are also conducted.

- Educational facilities have been upgraded in a number of schools and many schools have been built in the rural areas.

Engro has also built roads and drainage systems in villages around the facility. Engro sponsors local sports events. It built a local sports stadium in Daharki and donated it to the local administration. As part of its marketing strategy Engro sponsors regular golf tournaments in Islamabad and Karachi. Cricket, hockey, and other sports events are also arranged by ECPL. Engro pioneered the concept of charity walks in Pakistan. Here, we see how the goals of marketability and profitability drive projects aimed at corporate social responsibility.

IECPL is a corporate member of the World Wide Fund for Nature (WWF) and also a regular contributor. The company sponsors seminars on the environment and participates in tree plantation campaigns and awareness walks.

In the environment sector, as part of its urea expansion project in 1998, it retrofitted ACES (Advanced Cost and Energy Savings) technology to one of its urea units. This resulted in enhancing its annual production capacity from 750,000 metric tons to 850,000 metric tons along with significant improvement in plant energy and environment indices. Over this year the investment in environment projects was over Rs. 140 million. During 2000, concentrated efforts continued to improve the environmental performance of Engro's plant site. Capital expenditure of more than Rs. 10 million was made in 2000 to comply with the requirements of National Environmental Quality Standards (Pakistan). A reduction of 7 per cent energy consumption for the entire site was realized through ACES technology on one of the urea units. In water resources, reduction of 37 per cent and 36 per cent was achieved in water consumption and in effluent generation per unit of product respectively. A reduction of 65 per cent was realized in air emissions per unit of production and 18 per cent reduction in combustion by products. In recognition of its continuing efforts for environmental improvement, the Environment Technology Programme has selected ECPL as the demonstration site in the fertilizer sector in Pakistan for environmental projects for the Industry (ETPI). The Dutch Government, Federation of Pakistan Chambers of Commerce and Industry and local industries seeking to improve environmental conditions in Pakistan jointly fund ETPI.

In the context of adhering to environmental standards, we again see a healthy inter-twining of the corporation's business interests and its concerns for environmental protection.

2.3.2.2 Lever Brothers Pakistan Limited

The company's principal activities are to manufacture and distribute tea; ice cream; edible oils and fats; detergents and personal products; fabric wash and home care. Beverages accounted for 41 per cent of 2001 revenues; detergents and personal products, 32 per cent and food, 27 per cent.⁶⁶ The annual turnover of the company is Rs. 20 billion and it has 1200 employees.

We interviewed the head of corporate affairs of Lever Brothers (LB) in Karachi. LB is working in the fields of sustainable development, education, health and water. It also provided assistance in disaster mitigation and we have taken this as a case study in this report (Case Study 1). It makes short-term contributions in reaction to requests from the government following the company's product donation strategy; however, its long-term interventions in social development are mostly planned and executed in partnership with NGOs.

Lever Brothers supports various hospitals most of which are situated in Karachi. In the education and development of water strategies, it is working with local NGOs in Karachi. It works with NGOs with a credible track record and an ability to deliver. LB also monitors the process of delivery through annual reports and site inspections. Lever Brothers in collaboration with the Citizen Foundation has

⁶⁶ Corporate information, <http://profiles.wisi.com/profiles/scripts/corpinfo.asp?cusip=C586D3560>

established four schools in the country. It has also focused on the training of teachers by supporting *Alif Laila*, a Lahore based NGO, with which it distributed 5,000 copies of 3 textbooks to 136 schools through Book Group, a Karachi based NGO.

On the environment front, Lever Brothers endeavours to implement environmentally sound production practices. It has built effluent treatment plants for treating industrial waste and converting them into biodegradable materials. It has reduced its consumption of water by 30 per cent by recycling and invested Rs. 20 million in changing over from the harmful process of hydrogenation to interesterification⁶⁷ in producing *Banaspati Ghee* (brand of edible oil).

Lever Brothers has a participatory approach towards resolving social problems. Its employees worked with WWF in planting mangroves in April 2002. The corporation has also worked on long-term measures to provide water in the drought stricken areas of Thar, Sindh (discussed below).

2.3.3 Cross-sectoral social initiatives

There are a few MNCs who have been involved in various social initiatives on a small scale:

2.3.3.1 Pakistan Tobacco Company Limited (PTCL)

Pakistan Tobacco Company Limited (PTCL) is an offshoot of British-American Co. Ltd. It manufactures and sells cigarettes and edible oils. PTCL produces 41 per cent of the total cigarette production of the country.⁶⁸ In 2001, it had sales worth Rs. 20 billion approximately.⁶⁹ PTCL has set up IT learning Resource Centres for its employees and the community, a mobile doctors programme, and solid waste disposal project. Aslam Khaliq, the Deputy Managing Director, initiated an afforestation programme in 1980.⁷⁰ Four million trees are planted annually. One website also pointed that PTC is sponsoring a Teacher Training course. PTCL has sponsored publicity billboards for a newly established police branch called “Rescue 15” which deals with emergencies and serves round the clock. This Project is a unique example of police-public co-operation. Philanthropic organizations including PTC met all the costs of its establishment. PTCL has also sponsored a new food park in Islamabad where traditional food is served in a pedestrian environment. Sponsoring of billboards and the food park are obvious publicity-oriented activities. The stalls and chairs in the food park are of Gold Leaf logo design and can be considered an attempt at subtle advertisement of the cigarettes. Consumer rights organisations such as the Network for Consumer Protection in Islamabad have strongly condemned and protested against the PTCL’s involvement in cultural activities.

2.3.3.2 Other initiatives

Shell Pakistan has donated over Rs. 40 million to social causes since 1993. However, it has not provided details as to where it spent this money. Shell has a few scholarships to fund Pakistani students’ education in Britain. It is also a part of a road safety initiative.⁷¹

Quite a few big corporations have been involved in landscaping and beautifying public places. Mc Donalds has paid for the repair and uplift of public parks in Lahore (on the main boulevard and defence areas).⁷² A big house of industry, called the *Diwan* group has landscaped one intersection in Islamabad in collaboration with the Capital Development Authority recently. The Alfalah Bank and Askari Bank (local banks) are also involved in a landscaping exercise in Lahore, in the well-off areas of the main boulevard median strip and liberty traffic circle.

⁶⁷ Both hydrogenation and interesterification are chemical processes of converting oil into fat.

Interesterification is more expensive than hydrogenation and the final product has fewer trans fatty acids than hydrogenation. <http://www.thesoydailyclub.com/thesoydailyissues/tsd862001.asp>

⁶⁸ ‘Corporate information’ <http://profiles.wisi.com/profiles/scripts/corpinfo.asp?cusip=C586D3560>

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ We were not able to get any details other than those available on <http://www.shell.com>

⁷² These are well-off areas of Lahore.

We were told that Kentucky Fried Chicken (KFC) is contributing to a scholarship programme for needy students at the Szabist, a prestigious private information technology university with branches in major cities of Pakistan.

2.3.4 Lessons

Social responsibility is gradually becoming an agenda item for multinational corporations as documented above. However, we got the sense on the basis of our interaction with the indigenous private sector that it has not become an issue for them yet. MNCs have an incentive to invest in corporate social responsibility. They are keen to avoid association with exploitation or abuse of human and natural resources. The other obvious trend was MNCs working on social development projects in collaboration with NGOs. The majority of social responsibility investment is made as short-term one-off engagement such as landscaping, billboards or cultural events. However, the initiatives of Engro Chemicals, Lever Brothers and Shell Pakistan are long-term. One can further divide them into two categories: “giving away social development initiatives” or “participatory social development initiatives.” Engro has made a substantial contribution on many fronts; however, it gives away money to credible partners in the private sector or NGOs, while Lever Brothers works in partnership with other stakeholders and keeps actively involved in social development initiatives. In these initiatives, corporations’ partnership with the government is missing. It is not surprising given society’s low level of trust in government institutions.

The picture drawn above captures how corporations have attempted to “save the planet, help the poor and make money at the same time”.⁷³ Corporations sell their socially packaged self to the outside world, however, the way they do this can quite different in different parts of the world. For example, in an annual meeting of Business for Social Responsibility of 600 business leaders in Los Angeles while Nike’s director of labour practices, Dusty Kidd, was busy presenting a video of a Nike factory in Vietnam showing happy faces of workers and gleaming production equipment, a story appeared on the front page of the *New York Times* on the same day about conditions in Vietnamese Nike plants, where workers were being exposed to carcinogens at 177 times safe levels and were being paid just \$10 for a 65 hour workweek (far longer than local laws allowed).⁷⁴ Similarly, Reebok is alleged to continue to exploit cheap child labour to stitch soccer balls in Pakistan despite a public pledge to put an end to the practice. Moreover, businesses have considerably contributed to and are continuing to contribute to global warming all over the world. Global warming has led to unprecedented climatic change and unpredictability all over the world. It has started to catalyse the magnitude and intensity of natural hazards and disasters. Recent floods in Europe and China are an example. Natural hazards hit the poorest the most. The question is whether it is more important for the private sector to get involved individual corporate social responsibility initiatives or seriously apply and monitor environmental, social and labour standards and help the world get rid of the disastrous effects of global warming, climatic change and home-based unregulated economies.

There are many concerns about Pakistan Tobacco Company Limited, which has effectively used the rhetoric of corporate social responsibility to disguise promotion of a seriously unhealthy product. Promotion of smoking is not illegal in Pakistan, and PTCL has doled out big money for space on government-run television, newspapers and even in restaurants to turn sports events, and *Eid* (Muslim religious festival) into advertising events. Sporting events, watched avidly by the young, are an advertising opportunity to relate sports with adventure and smoking. PTCL also launched an afforestation campaign in Islamabad in 2001 on a very small scale. One member of the citizens group Capital Citizens Committee, Islamabad told us that PTCL’s performance was dismal and it did not look after the planted area after the initial exercise. Tobacco companies are flocking to under-explored markets in developing countries after being heavily penalised in the developed world. The cigarette industry in Pakistan ranks 7th in the top ten sales tax revenue spinners of the country. In the year 1999, PTC contributed Rs. 5.2 billion to the national exchequer in duties and taxes. This was

⁷³ Reed, Betsy, ‘The Business of Social Responsibility’ in “Dollars & Sense”,

<http://www.dollarsandsense.org/archives/1998/0598reed.html>

⁷⁴ Ibid.

probably one of the highest paid by any corporate.⁷⁵ Because of this the government avoids reining in tobacco industries.

3. Corporate Social Responsibility and Disaster Reduction

Despite our attempts, we did not find much data on the private sector's involvement in disaster reduction. Disaster reduction is not a commonly known concept in Pakistan.

We tried to find out the system of disaster preparedness, mitigation and relief at the governmental level. We found responsibility for dealing with disasters spread over different departments, mostly under the Ministry of Interior. The Civil Defence Organisation (CDO), headquartered in Islamabad, gives training on fire fighting, civil protection, and civil defence to people belonging to government and the private sector in its provincial headquarters: Karachi, Lahore, Quetta, Peshawar, and Muzaffarabad. It also gives training in disaster management, industrial disaster mitigation, and natural disaster mitigation. Disaster management is a 4 week long course offered three times a year. Industrial disaster mitigation is taught for 3 weeks and is offered twice a year. Natural disaster mitigation is taught for 2 weeks 3 times a year. CDO also prepares disaster management plans during peacetime. People and volunteers are trained. The district management officials manage information on flood risk and potential evacuations. The District Manager⁷⁶ acts as the Controller of CDO operations. When a disaster hits, relief services such as rescue teams, first aid services, casualty handling teams, and rehabilitation squads gear into action. Affectees are relocated and their grievances addressed. The CDO also takes action if directed by the District Manager to evacuate people from localities that are likely to be affected by any hazard, but this has not happened so far. Generally, the services of the CDO are used to relocate people.⁷⁷

The other important outfit dealing with disasters is the Emergency Relief Cell under the Cabinet Division of the Federal Government, located in Islamabad. It monitors and coordinates emergency situations and then acts on relief measures. The cell remains in touch with the meteorological department, army units, flood commission, local administration, police, and relief commissionaires. The cell has its control room to receive messages through fax and telephone and remains open from 8 a.m. to 8 p.m. July 15 through September 15 when the monsoon rains are expected to hit hard. The cell informs the provincial government and local administration if there is an imminent disaster and also interacts with provincial governments to manage the disaster. It reinforces the capacity of the provincial government if the means fall short of the need. It has its own warehouse stocked with blankets, tents, life jackets, and rubber boats. Food items are purchased at the time of disaster. Often the government announces relief packages to disaster effectees and the cell then administers them. For example in the floods of 2001 the Federal Government announced a relief package of Rs. 20 million for the NWFP, 20 million for Punjab and 2 million for Islamabad. The cell handed over this money to the respective governments. The cell is also in contact with the Federal Ministry of Finance, and the Ministry remains in touch with World Bank and NGOs for possible assistance. Sometimes NGOs contact the cell directly. The United Nations Development Programme (UNDP) collects data from the cell for food assessment, the locations of the target population and delivery of relief goods.⁷⁸ The government has also set up the Indus Flood Early Warning System to monitor flood levels and make appropriate arrangements.

Such attempts are encouraging but they are still limited. Generally, government and the society respond to disasters once they have already taken place. In other words, the approach to disasters is reactive rather than being proactive. For example, the government did not plan ahead during the recent drought in Balochistan, Sindh and Southern Punjab. The drought began in 1996 but

⁷⁵ 'Corporate Profile: Pakistan Tobacco Company', <http://lists.essential.org/intl-tobacco/msg00294.html>

⁷⁶ District is the third tier of government in Pakistan followed by the Federal and Provincial governments.

⁷⁷ Based on our interview with the Civil Defence Organisation, Islamabad representatives.

⁷⁸ Based on our interview with the Emergency Cell, Cabinet Division, Government of Pakistan representatives.

government only became seriously involved after people started losing livestock in a massive way in 1999-2000.

There is lots of room for the private sector to play a role in a situation where the government is mainly concerned with reactive disaster management. However, we found out that the role of private sector is minimal. There are no planned public-private partnerships in disaster reduction. The private sector's contribution is sporadic and one-off. It contributes to disaster relief efforts. The concept of disaster preparedness as a strategy of disaster reduction is missing.

We interviewed private businesses and Chambers of Commerce & Industry for our research purposes. Most of the interviewees contributed toward disaster relief activities. Some of them supported relief work for a longer period of time than others and pursued a few longer-term measures, but we could only find two cases where a private sector corporation continued its support well beyond the immediate relief work. These two cases are analysed Appendix 1, and illustrated in Table 5.

Lever Brothers (Case Study 1) sent its products to the drought affectees of Balochistan in 1999-2000. It also sent goods to people hit by flood in Rawalpindi in 2001. Our case study describes its efforts to work on long-term rehabilitation of drought-affected communities in the Thar desert of Sindh.

Likewise the Rawalpindi Chamber of Commerce & Industry and *Markazi Anjuman-e-Tajiran*-Central Traders Association (Case Study 2) came to the help of people when fierce rains lashed Rawalpindi and Islamabad in July 2001 and the business community experienced a heavy loss. The Chamber and the Traders Association's relief and rehabilitation activities were targeted at the business community, though non-business community members were also helped.

Other efforts by the private sector to help out in disaster mitigation and relief identified during our research are described in the following sections (3.1 – 3.5).

Table 5: Performance Analysis

Case Study	Event	Type of intervention	Duration of Intervention	Structure of Intervention	Criteria for Collaboration if any	Motive Behind Action
Lever Brothers Pakistan Limited	After the drought of 1999-2000	132 hand pumps in Thar. Plans are to install 82 more in Thar desert, rural Sindh	Long term	Collaborated with NGO, Thardeep.	Good track record, strong delivery capability, help reach the poor and transparency in operation	Good corporate citizens
	Drought 1999-2000 in Balochistan and flood in 2001 in Rawalpindi	Product delivery in drought, and flood in Balochistan and Rawalpindi respectively	Short-term	Engagement with government as a response to government's request		
Central Traders Association and Rawalpindi Chambers of Commerce and Industry	Flood 2001 in Rawalpindi	Cash, food, clothes, negotiations with government and interaction with international and national companies	Basic needs support was short term while the negotiations with the government and rehabilitation efforts are long term.	Government was engaged into talks	Had to engage with government because of policy level decisions	Islamic philanthropy, humanitarian support, community development and helping its own business community to rehabilitate.

3.1 Shukrana (Pvt) Limited (Quetta, Balochistan)'s Involvement in Drought Mitigation

Balochistan is the biggest livestock-producing region in Pakistan. The number of goats and sheep represents the wealth and prestige of the tribe. However, livestock have suffered a high mortality due to drought since the late 1990s, particularly in 1999-2000. Almost 2 million animals perished due to low production of the rangelands and grazing areas.

In 2000 the Balochistan government, for the first time in Balochistan's history, launched a major relief programme for the livestock sector. Several international organisations such as Mercy Corps International, Oxfam, Global Partners, Action Aid, UNDP and FAO, supplied food, flour and animal feed in the interior. The gigantic task of providing feed concentrate was assigned to Shukrana (Pvt) Limited, Quetta. Shukrana has been producing feed for livestock since 1993. It supplements feed during the winter when rangelands dry up in Balochistan. Shukrana has a poultry and animal feed mill near Quetta. The company has an annual sale of Rs. 14 crore (140 million) and supplies feed both in Pakistan and Afghanistan.

Hob, Loralai, Qila Saifullah, Naushki and Kharan Districts were identified as most affected by drought. Shukrana, under the leadership of its Chief Executive Officer (CEO), Mr. Tahir Ahmad Khalifa, supplied 245, 613 bags of sheep and goat rations⁷⁹ and 299,498 blocks of molasses for

⁷⁹ One bag of rations is 50 kg in weight and consumption is 200 g per day per animal. So one bag a day is enough for 250 animals.

livestock relief in 2000-2002 on a cost-only basis. It lost potential profit of Rs. 5 lakh (0.5 million) by this action. Some of the management staff were not happy with the CEO's decision to waive profits, but Mr. Khalifa convinced them to do so in order to serve people in distress in the spirit of corporate social responsibility. He also explained to them that this gesture would earn the company a good reputation and serve as a marketing tool. The initiative paid off. The company attracted national dealers and at the same time got international exposure. A United Nations organisation placed an order to supply animal feed worth Rs. 7 crore (70 million) to Iraq. However, due to limited production capacity, Shukrana had to decline the offer.

3.2 Fazl-e-Omar Foundation (Quetta, Balochistan)'s Role in Drought Relief and other Disasters

The Fazl-e-Omar Foundation is a social work organisation run by students and businessmen in Quetta, Balochistan. The Foundation was established 40 years ago and has been involved in relief work since then. In the earthquake of 1954, the Foundation helped people to rebuild their houses. When railway lines to Iran were washed away by heavy rains in 1955, the Foundation packaged food to be airdropped to the people of that affected region, at the government's request. The Mangla dam swelled up with water in 1992 and the authorities opened the gates of the dam to save it. However, several villages drowned. The Foundation donated Rs. 6 lakh (0.6 million) for the rehabilitation of the inhabitants.

During the recent drought, the Foundation set up medical camps in the interior areas of Balochistan, even in areas as far off as Mastung and Kanak. People who migrated from the drought-affected areas needed medical attention. One medical camp took care of 700 people, while the other treated some 300 people. The camp also supplied flour, sugar and tea to the migrant population for 3 months. The Foundation contributed Rs. 21 lakh (2.1 million) to this endeavour.

There was also a water shortage in the relief area. The Foundation requested the Relief Commission⁸⁰ to arrange tankers and tractors. The Commission provided some tankers and the Foundation rented more.

Problems Encountered

The Foundation faced problems in its medical supply activity. It only wanted to cater to the migrant population while the tribal heads in rural Balochistan wanted it to treat the settled population in those areas too. It seemed logical considering that there is virtually no public health care system in rural Balochistan. Hence, the Foundation treated the local people as well the migrants.

3.3 Esmail Ji Enterprises and Time and Tune (Rawalpindi, Punjab)'s Involvement in Flood Relief

Esmail Ji Enterprises, owned by Mr. Moin-ud-Din, is located in a busy locality, Kamran Market, in Saddar,⁸¹ Rawalpindi. It has been supplying copper and brass sheets, and rods and wires for the last 150 years. Now it has entered the retail business as well. Mr. Moin-ud-Din belongs to the Dawoodi

⁸⁰ The Relief Commission is an organisation under the Federal Government of Pakistan with its provincial offices in the four provinces.

⁸¹ Saddar is in the cantonment area of the city. These cantonments were built by the British administration in all major cities during their colonial rule in India. Government of Pakistan has not done away with this distinction. Even today, major cities in Pakistan are divided into "city area" and cantonment area". In Rawalpindi floods, the "city area" was the worst hit since it is close to *Nullah Leh* and the cantonment area was not affected as badly. Also, the "cantonment area" is higher than the "city area".

Bhora community⁸². *Esmail Ji Enterprises* has a sister company: Time and Tune. It deals with test equipment, furnishings, machinery and computers. Mr. Munir Hussain runs Time and Tune.

The worst flood in decades hit Rawalpindi city on July 23, 2001. Goods and equipment worth billions of rupees were washed away (see section 1.3.3). Mr. Din learnt at 4 p.m. that the city had been flooded, people had climbed onto rooftops, power supplies and phones lines were disconnected. One of his workshops in Gawalmandi, city area, was flooded to a depth of 3 feet. However, in other parts of the city area, the water level was as high as 10 feet. Refrigerators, television sets and VCRs were seen floating around and so were the carcasses of buffaloes. The water started receding around 10: 30 p.m. at night, but left a thick layer of mud everywhere.

In the absence of food, electricity and drinking water, Mr. Din arranged for food, candles, clothes and medicines to be sent to the affectees in Gawalmandi area along with many other citizens. Electricity and gas were not available for the whole of the following week. Mr. Din provided food to the affectees for 9 days. He took 10-12 *daigs* (a *daig* is large pan of cooked curry/rice serving about 40 people) every day for three days; later, the number of *daigs* came down to 5-6 daily.

Mr. Din sent a message for help to Syedna Muhammad Burhan-ud-Din, the spiritual leader of the Bhora community, who urged the community to come forward and help. The Bhora community in Rawalpindi and Karachi donated around Rs. 1 crore, (10 million) to flood relief. *Esmail Ji Enterprises* and Time and Tune's share was of Rs. 50,000. Other than this, Mr. Din and his Bhora community in Rawalpindi gave cash and non-interest loans worth Rs. 1.75 lakh to the affectees as well. The motive behind flood relief was to help people in distress, on a humanitarian basis. "We could also suffer later", "we are answerable to God", said Mr. Din, when he was asked to share his motive with us.

Problems Encountered

While Mr. Din, his community and his neighbours were geared towards supporting the affectees, in 2-3 localities of Mohanpura no government officials showed up. For 20 days nobody came to clean the stinking area. Residents cleaned the drains themselves. They invested their own money to restore electricity, water and gas connections. In addition to financial loss, the affectees also experienced health problems. The government ignored this as well.

Further elaborating on the problems he experienced, Mr. Din says government also completely ignored the help that was extended by the business community. For the transportation of food and water, the community had to utilize its own resources. Government workers could have collected the food and distributed it. They would have located the needy easily. That would have eased the process of distribution. If even that was not possible, the government could, at least, have acknowledged the support given and made the community feel honoured about its role.

When asked for suggestions as to how the private sector could play a more effective role, Mr. Din commented that the business community does not have time for monitoring activities, it can pool money, but the government should take ensure that the money is utilized effectively. Government has paid professionals to handle such situations. Upon request some business people will participate in the activity as well, but basically it is the responsibility of the government to develop strategies. Chamber of Commerce and Industry members could then fill the gaps as and when required.

3.4 *Anjuman-e-Shahriyan's* (Sargodha, Punjab)'s Role in Disaster Preparedness

Anjuman-e-Shahriyan (the Citizens Foundation) is a charity cum social organisation, entirely financed by businessmen in Sargodha. It has registered itself as a self-help NGO with 300 members. Sheikh

⁸² Dawoodi Bhoris belong to an orthodox sect of Islam. They adhere to Islamic principles and laws more strictly than Sunnis (the majority sect of the Muslim world). Their spiritual leader, Syedna Muhammad Burhan-ud-Din, is based in Bombay, India.

Muhammad Zaffar Iqbal is its President. A handful of businessmen fund its social and humanitarian activities. It spends Rs. 2-3 lakh per year on philanthropic/social activities and sometimes an extra Rs. 1 lakh in times of disaster.

Mr. Iqbal runs an electronics business in the city centre. His family has been in the business for the last 50 years. He has 20 employees. The other financiers of the *Anjuman* are in the business of electronics, medicines, sweetmeat and grocery. Each of them employs 10-15 people.⁸³

The *Anjuman* spends money on dowries for orphan girls, equipment for the public hospital, and a scholarship fund for the poor. It also participates in disaster relief. It was involved in one of the few endeavours in disaster preparedness, though on a very small scale. During the monsoon season in Central Punjab in 1995, Shahpur – a town about 18 kilometres away from Sargodha – was feared likely to be flooded due to heavy rainfall. The President of the *Anjuman* provided food, blankets, and quilts to those at risk in Shahpur to prepare them for the impending disaster.

Similarly, the *Anjuman* contributed to disaster relief in 2000. It was called by the Commissioner⁸⁴ Sargodha and requested to contribute to drought relief in Balochistan. “Had the government not requested us, we would not have realized the severity of the problem and had not contributed. We became emotional when we heard that people were dying” said the President of the *Anjuman*. Four members of the *Anjuman*, including the President, contributed Rs. 12,500 each. Rs. 50,000 worth of food was bought and sent to Khusdar in Balochistan by the Commissioner Sargodha. The first supply led to more fundraising by the *Anjuman* for more supplies. It raised Rs. 8 lakh (0.8 million) in Sargodha for drought relief in Balochistan in 2000.

The *Anjuman* representatives were contacted by the Assistant Commissioner⁸⁵ Sargodha when a strong windstorm hit a small town near Sargodha called Chak Misra, again in 2000. The storm was severe: it killed 3 people and caused damage to property and goods. The *Anjuman* representatives went to Chak Misra to assess the damage and contributed Rs. 10,000 to the relief fund.

3.5 Karachi Chamber⁸⁶ of Commerce & Industry’s Contribution to Social Causes

Karachi Chamber of Commerce & Industry (KCCI) is the premier Chamber in Pakistan with 12,000 business members. If we include the site associations of auxiliary industrial estates and town associations, its membership rises to 50,000. The managing committee of KCCI has 30 elected members holding office for 3 years. There are 3 members from town associations. KCCI is the biggest Chamber of Pakistan with its members generating 65 per cent of the revenue of the country. We interviewed Amjad Rafi, former President (1999-2000) of the Karachi Chamber of Commerce & Industry and member of the executive committee of the SAARC Chamber of Commerce & Industry.

Other than playing the usual role as a Chamber of Commerce of the commercial capital of Pakistan, KCCI is involved in extensive financial capacity building. It issues visa recommendations to foreign embassies for businessmen, provides authorization letters to Pakistani businessmen to get foreign exchange for overseas ventures, and gives certificates of origin declaring the product is made in Pakistan. KCCI also has a research department. It publishes commercial policies and investment

⁸³ Since business people were not generally willing to share their annual turnover with us, we tried to roughly estimate it by asking them about the number of employees they have. These businesses fall in small scale retail category

⁸⁴ The Commissioner was the head of district bureaucracy since the establishment of formal district administration by the British in India. It has recently been changed by a system of elected local government at the local level. Since 2001, the *Nazim* (administrator) is the elected head of the government at the district level.

⁸⁵ An official in the district bureaucracy; subordinate to the Commissioner and Deputy Commissioner.

⁸⁶ We are using the words “KCCI” and “the Chamber” interchangeably. KCCI stands for Karachi Chamber of the Commerce and Industry and is commonly known as the Chamber.

guides to bilateral, regional and international trade. KCCI's members serve in the budget advisory body of the Federal Ministry of Finance.

There are many ways that KCCI and its members contribute to social causes. Just like other chambers, they work both on the platform of the Chamber and in their individual capacity. However, there are no formal policies on social responsibility. Much of it is spontaneous, context-based and sporadic. The spirit of Islamic philanthropy seems to be the driving force. According to the ex-President of KCCI, Mr. Rafi, "About 80 per cent of businessmen who contribute to social causes do not reveal it to others". However, we feel that other than following the spirit of Islamic philanthropy which emphasises secrecy to protect the self-respect of the poor, businessmen primarily hide their contributions due to the fear of tax authorities.

The way KCCI generally works is as follows: needy people approach the KCCI representatives and they use their contacts to address the grievances. Generally such facilitating and networking activities are not even reported in the Chamber's papers. KCCI representatives arrange help for the needy almost on a daily basis. For example, an acquaintance of the present President, Hassan Bari, came and asked for help of Rs. 5 lakh (0.5 million) for his brother's operation. The President requested his friend who imports medicines to sell medicines on a cost-only basis to this acquaintance. It meant a loss of 15 per cent profit for the importer. Another friend was asked to pay for the medicines on a cost basis. This shows how networks of personal and professional relationships function. In another example, the famous Pakistani cricketer turned social activist Imran Khan requested Mr. Rafi to help him collect *zakat* for his Shaukat Khanum Memorial Trust which runs a cancer hospital for the poor (see section 2.2.1). Mr. Rafi wrote 100 letters to well-off people he knew requesting them to contribute to the Trust. He followed up his letters with telephone calls. The Chamber collected Rs. 2 million for the Trust. Now, it has become an annual practice for KCCI to raise funds for the Trust in Ramadan.

However, other than using human and social resources, KCCI also contributes directly to social causes. It donates Rs. 25 lakh (2.5 million) every year to the *Aiwan-e-Sanot-e Tijarat* (Chamber of Commerce & Industry) Hospital Trust situated in North Karachi, where the majority of people are poor. Depending upon their income, patients are given concessions or treated free of cost.

KCCI's Role in Disaster Mitigation and Rehabilitation

KCCI's socially responsible behaviour also ventures into disaster related activities. Thatta and Badin districts of rural Sindh province⁸⁷ were hit by a cyclone in May 1999. The then Governor of Sindh requested KCCI to help the afflicted population. KCCI formed a cyclone relief committee and started relief activities. While army and navy personnel were rescuing local and fishermen who were out at sea, KCCI raised over Rs. 1 crore (10 million) for a cyclone fund.

Many government, semi-government and non-government organisations were providing food and relief material to the affectees in the area. The Chamber did not give money to civil government agencies directly but relied on the army for logistics and disbursement. Chamber members would travel to Thatta from Karachi on their own and request the army to provide logistics for their onward journey to Badin since only army trucks were able to move on the flooded roads. In the first week cooked food in *daigs* was sent from Karachi. However, KCCI started sending baskets containing oil, flour, lintels and rice (95-10 kg) after a week, along with other equipment necessary to set up temporary kitchens. They sent these items to army base camps for onward distribution in the cyclone-hit areas.

KCCI sent so much food due to the efforts of its members that the army asked it to halt the food supply after some time and work with it on rehabilitation. Army personnel identified the affectees and their minimum needs. The Chamber worked proactively in identification of needs and did not simply dole out money: it procured material, such bamboo sticks to rebuild *jhuggis* - thatched roof houses. If

⁸⁷ Karachi and Hyderabad are in urban Sindh.

the material cost Rs. 1,200 in the market, Chamber members might be able to buy it for Rs. 600 due to their contacts and business skills. Later, they purchased wood for new fishing boats, but due to financial constraints could not contribute much to boat building.

4. Conclusions

Corporate social responsibility is a relatively new phenomenon in Pakistan. The prevailing trends appear to be as follows.

The private sector contributes quite a bit to philanthropic/social causes. However, such contributions are made out of motives of Islamic philanthropy and humanitarian concerns. Business people or others associated with the private sector would rather not reveal or publicise their contributions. It sounds rather counter-intuitive considering that the private sector spends quite a bit on advertisements and marketing. However, it is what we believe is true for the majority of contributions by the private sector in Pakistan.

Pakistan is one of the least taxed countries. Various governments have launched tax drives but have not achieved a breakthrough. More than 80 per cent of the government's tax revenue comes from indirect taxation. However, efforts to impose indirect taxation on retailers and shopkeepers are strongly opposed. Only the military government of President Pervez Musharraf has had some success with General Sales Tax imposition. The present government also launched a campaign to formulate a database in 2002 about people's income, property and wealth to create a set of information about taxation potential in Pakistan. Citizens in general and the business community in particular have been quite sceptical of the government's move. Hence, there is a strong tendency to hide one's income, resources, profit and wealth. It provides a strong motive to the private sector to contribute quietly to philanthropic/social causes.

The private sector has not internalised the concept of corporate social responsibility. A few initiatives that have come to prominence seem to be driven by external "push" or "pull" factors. The Sialkot sporting industry's effort to reduce child labour is an example in case. Multi-national corporations spend on activities such as billboards, landscaping corners and parks in rather well-off areas: these are attempts to be socially responsible but at the same time serve to market the brand name. One of major motives behind social contributions is to gain positive publicity. It helps business to reach out to people and becomes a part of marketing strategy. Hence, many corporate social responsibility initiatives seem to be either driven by the need to avoid punishment or to attract potential customers. Moreover, we found out that the private sector's contributions are typically sporadic, one-off and short-term. They are generally reacting to a situation at government or civil society's request. There is a serious problem of sustainability.

Lever Brothers and Engro Chemicals are exceptions. They have made long-term substantial contributions to a multitude of social sectors: infrastructure, health, education, environment and water supply. Corporate image building and contribution to community development from which they earn profits might be among their motives. However, they stand apart from other MNCs in their approach and application.

Pakistan is quite unprepared to face disasters generally. The common approach to disasters is reactive rather than pro-active. Hence, the concept of disaster preparedness is largely missing. Hence, it is not surprising to find that the private sector also contributes almost only to disaster relief. Rehabilitation and planning ahead is not the norm. We had to make quite a bit of effort to find case studies (Appendix 1) on disaster mitigation/rehabilitation.

The private sector works in collaboration with government or civil society in its corporate social responsibility or disaster mitigation activities. Both Lever Brothers and Engro Chemicals are working

with NGOs such as the Citizens Foundation, WWF and others to promote education and environment. Chambers of Commerce and Industry work closely with the government. *Anjuman-e-Shahriyan* Sargodha helped out with drought relief and windstorm relief in 2000 when top officials of the district administration, Sargodha, approached it. Similarly, KCCI got into cyclone relief and rehabilitation after being requested by the Governor of Sindh in 1999. Similarly, in Balochistan, Shukrana (Pvt.) Limited was asked by the Governor of Balochistan to prepare feed to save livestock from drought in 2000. It is quite understandable that government is the primary actor in disaster relief and rehabilitation. Also, the government is relatively resource poor and needs extra financial and human resources to deal with emergencies. We often heard the Presidents of the various Chambers say "Government does not have anything. Government is poor. That's why we come forward".⁸⁸ Other than the obvious social and humanitarian motives, the private sector considers it necessary to help out because there is a well-entrenched perception of the ineffectiveness of the government. It is interesting that KCCI mentioned that it trusted the army more than civil administration in cyclone relief activities. It epitomises citizens' distrust of government institutions. On the other hand, business people and various Chambers of Commerce and Industry go all out to help when requested by top-notch government officials. It helps them to maintain good contacts with government officials, which is so necessary for their business interests. On the day we interviewed the Vice-President of the Lahore Chambers of Commerce and Industry, he told us that he and his colleagues from the Chamber had just returned from the Wagha border⁸⁹ after distributing soft drinks and food among the soldiers who had been stationed there for quite sometime as a result of tension between India and Pakistan in 2001 and 2002. They accompanied the Corps Commander⁹⁰ Lahore. Other than motives of helping the soldiers on the border and patriotism, it is in the interest of business people to cultivate a cordial relationship with the Corps Commander since the military is ruling the country.

One relatively surprising feature that we noticed was the active involvement of the private sector in disaster relief and rehabilitation. KCCI supervised the process of food and building materials disbursement to the affected community after the cyclone in 1999. *Anjuman's Shahriyan* in Sargodha wanted to make sure that its food supplies went to deserving people and sent one of its representatives with the food to Balochistan from Punjab in 2000. However, this active role is relatively less visible in other initiatives of corporate social responsibility. Other than the active involvement of the sports industry in the gradual child labour eradication in Sialkot, both other big actors in corporate social responsibility - Lever Brothers and Engro Chemicals- preferred to give their financial help to NGOs and monitor it periodically.

The private sector becomes very actively involved when its own interests are threatened by disasters or a bad law and order situation. One of our case studies (Appendix 1) discusses in detail how the Central Trading Association, Rawalpindi and the Rawalpindi Chambers of Commerce and Industry have been and are still involved in the rehabilitation of the local business and trading community which was hit the worst in the flood in July 2001. Similarly, the private sector took an initiative in collaboration with the representatives of civil society to form a Citizens Police Liaison Commission (CPLC) in the Governor's House, Karachi. CPLC was a leading example of private-public partnership in the worst years of law and order in Karachi in the early 1990s, when businessmen were regularly abducted for ransom and car lifting was common. Since the state law and order machinery had almost broken down, CPLC systemised criminal, property and car registration records. It helped to bring down the crime rate gradually due to better management skills and professionalism. It works under the direct supervision of the Governor Sindh. It is quoted as a leading success story of private-public partnership in service delivery. It also helped to make Karachi city relatively safe for business people and their families.

⁸⁸ One the other hand, if the private sector and other potential taxpayers paid their taxes honestly, it would make government financially strong.

⁸⁹ A border quite close to Lahore that divides Pakistan from India.

⁹⁰ Corps Commander is the Lieutenant General and is the head of an entire corps of the army.

5. Recommendations

We would like to make the following recommendation:

1. The private sector seems willing to contribute to initiatives for social development, provided there are credible institutions available to utilise its contributions. Citizens' lack of trust in the government's ability to deliver is one of the reasons given by taxpayers for evading taxes. On the other hand, the private sector contributes to viable and above-board institutions such as Edhi Trust, Shaukat Khanum Memorial Trust, the Lahore University of Management Sciences, Citizens Foundation, and the WWF. We need stronger institutions geared to public service in the profit, non-profit and government sectors. The lack of human development resources and institutional resources seems to be a major impediment. Strong and responsive social service delivery institutions are needed to restore trust and confidence in the government. This would also encourage the profit and non-profit sectors to enhance their partnerships with the public sector.
2. Disaster preparedness is quite a new phenomenon for the government as well as other sectors. Recently, Pakistan has institutionalised a Federal Flood Commission and early flood warning centres. The Pakistan Met Department, National Crisis Centre Wing, and Civil Defence are the institutions responsible for preparing for and dealing with floods, however, national-level capacity to deal with more broadly with natural hazards/disasters remains limited. Pakistan is involved in combating terrorism and sectarianism. The situation on its eastern and western borders is alarming. However, it is very ill equipped to deal with disasters. One of our respondents said, "If there is rain in a city like Lahore, it disrupts your life. You do not have electricity for hours, how is such a country to deal with a potential nuclear war?" Accidental or planned nuclear war, or an earthquake, could play havoc, particularly in populated cities like Karachi. However, government's attitude can be gauged from its belated response to drought in Balochistan, Sindh and Southern Punjab. It shows that there is a need to develop thinking along disaster preparedness lines, involving and assigning responsibilities to the private sector. There is a dire need to plan a coordinated effort to involve the private sector in disaster reduction through pre-disaster preparedness. Government in times of disaster should be able to contact the Chambers immediately. The government, profit and non-profit sectors need to redirect their focus to disaster mitigation and come up with a policy and detailed plans with assigned roles and responsibilities.
3. Disaster rehabilitation is also crucial. After disasters, when people head back to their areas, communities and homes, they need to be provided with the means to earn their livelihoods. This point was poignantly made by Shukrana (Pvt.) Limited's representative in the context of drought in Balochistan. He also urged the government to develop the skills of the affected population. According to him, "there is a need to reinvigorate rural economy and provide other opportunities of generating income from within the region rather than solely depending on drought prone livestock sector." However, the philosophy of capacity building of affected communities, skills development and effective ways of earning livelihoods is equally applicable to urban areas hit by disasters.
4. The final recommendation is not specific to Pakistan. It is a global suggestion since a very small per centage of pollution is generated by developing countries like Pakistan. The best way to contribute to Corporate Social Responsibility is to "put one's own house in order" so to speak. The private sector all over the world needs to cut down its emissions and adhere to environmental standards. Global weather patterns are changing due to global warming, leading to an unprecedented rise in disasters, particularly in developing countries. The poorest are the worst hit by disasters because they are the most vulnerable and have the least ability to absorb shocks. Droughts, floods and other natural

disasters will continue to hit the poor unless the private sector takes an active responsibility to reduce emissions as a disaster reduction strategy.

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Appendix 1: Case Studies

Case Study 1: Lever Brothers Pakistan Limited

We have discussed Lever Brothers (LB)'s profile in Section 3 of the report. The company is involved in community development projects both in well off and in relatively poor areas in Sindh. It works in the fields of environment, health, education and water supply. "We do not wait for the disaster to happen" said Sher Afzal Mazari, head of corporate affairs. Lever Brothers has earmarked 1 per cent of its annual profit for social development as company policy. The management committee decides where to spend and how much to spend. The company feels that it needs to spend on the community/society, where it earns its profits. This has become so much a part of corporate ethics that the CEO is accountable to the management committee if the annual budget on social development is under-spent. The company encourages employees to be involved in the social development projects planning.

It is interesting that LB views the low literacy rate and fragile health sector in Pakistan as impending disasters. However, it has contributed to natural disaster mitigation, relief and rehabilitation.

Its ad-hoc activities include the following:

- Donated products worth Rs. 3 million the Pakistan Medical Association in December 2001 for Afghan refugees. Soap, edible oil and tea were some of the items sent.
- Products for the affectees of the Rawalpindi floods in July 2001.
- Products for the drought-afflicted areas of Balochistan in 2000.
- Employees also contributed individual *zakat* and some volunteered to have their contribution deducted from their pay at source for Afghan refugees.

We are going to look particularly into LB's role in rehabilitation in Thar (Sindh) after the drought of 1999-2000 (see Seciton 1.3.2).

Lever Brothers decided to work on water supply. It chose to work with a local NGO called Thardeep that fitted its criterion of having a reputation for delivering. The project started in 2001 and will run for 5 years. Lever Brothers installed 132 hand pumps at a cost of Rs. 3 million in partnership with Thardeep. Its representatives visit the site periodically to monitor performance. The project is also being evaluated through annual reports, audit reports and beneficiaries' responses. The head of corporate affairs found the local community's response to this intervention to be extremely positive. Now, it is planning to install a further 82 hand pumps.

Lessons

- Long-term rehabilitation can be 'sold' to the private sector, if sustainability of projects is part of their corporate ethics.
- The structure of this intervention is bilateral. Lever Brothers is collaborating with a local NGOs. Since Thardeep is a credible NGO involved in community development at the local level, it is likely to be more successful than if LB had decided to work on its own.
- The project is being monitored with visits and efforts to assess the beneficiaries' response.
- Employees' participation is encouraged by LB in its social development projects planning and it boosts close interaction among the company staff, their NGO partner and the local community.

Source

Interview with She Afzal Mazari, head of corporate affairs, Level Brothers, Karachi, August 2002.

Case Study 2: Role of Central Traders Association (Markaz-e-Anjuman-e-Tajiran)'s and Rawalpindi Chambers of Commerce and Industry in Flood Relief and Rehabilitation

The July 2002 floods in Rawalpindi hit the business community hardest. Water flooded the commercial areas to heights of 3-10 feet. More details about the flood are given in sections 2 and 3 of this report. Small traders and business people lost about 3.5 billion rupees worth of goods. Central Traders Association and the Rawalpindi Chambers of Commerce and Industry initiated a major relief and rehabilitation activity for their fellow businessmen and small traders and other affectees.

We interviewed both the President of the Rawalpindi Chambers of Commerce and Industry and the President of the Central Traders Association in Rawalpindi. The President of the Chamber said that they were involved in both relief and the rehabilitation of the affectees. The Chamber collected donations from business and trade associations in other cities. Lions International Club Sialkot, Chamber members and big industries contributed. They held talks with government representatives and banks for relief packages, tax exemptions and soft loans. Most of the business community that suffered a great loss dealt in chipboard and plywood. Water damaged their goods. So the Chamber as a representative of the business community requested banks to grant loans to the traders and in response Habib Bank granted Rs. 20 lakh (2 million) for the affected business community. This was valuable but 'peanuts' compared to the overall losses, says the President of the Chamber. He and his colleagues also requested the government to exempt the affected businessmen from income tax and sales tax that was to be levied in the fiscal year 2001. The government agreed to that.

The Chamber requested industrial houses to replace the damaged packing of medicines if the medicines were good for use. The Chamber also requested the Ministry of Health, national and multinational pharmaceutical firms to replace the medicines of businessmen whose stocks were damaged. Businesses dealing in homeopathic medicine in Germany donated medicines worth Rs. 15 lakh (1.5 million).

The Chamber and the Association representatives together met with the military bureaucrats, finance minister and officials of the Central Board of Revenue to work out a relief package for the affectees. For rehabilitation, the Association surveyed the affected area and estimated the losses of the business community.

At the community level, the Central Traders Association played an exemplary role, for the obvious reason that the business community was the major affectee. Local trade associations worked at the grass-roots level in relief and rehabilitation work. The President, Sadiq Shafi, was himself an affectee of the flood. He owns a shop in one of the local markets called Raja Bazaar. The President of the Association and his office bearers were personally involved in the relief work. They provided food, clothes and medicine to the flood affectees at their doorsteps. They collected donations from the wealthy and charitable persons of the city. The Chamber provided about 40 trucks of flour. Flourmills donated some and the Chamber purchased the rest. Each truck costs Rs. 20,000. The Chamber collected Rs. 15 lakh (1.5 million) rupees from its members which were distributed among the affectees through the local trade associations in the form of checks of Rs.1000 to 4000-5000 houses the very next day of flood. One envelope was given to each family – there were 1-3 families living in a house. Three days later they handed an additional Rs.500/ to the families. Around 10,000 *daigs* (a large pan of cooked curry/rice) were supplied to the people for 20 days (one *daig* costs Rs. 1000 and serves 40).

Suggestions of the representatives of Central Trading Association

A committee should be established consisting of representatives of the business community, charitable persons of the city, and the local administration to provide relief and rehabilitation work in times of disasters. The business community should head the committee to keep a check on the government, since government is useful in its organisational capacity, but not good at using resources in a transparent way.

Lessons

- Flood rehabilitation does not only involve doling out money. Consultations, human capacity building, networking and policy change are important components. At the policy level, the Chamber and the Association engaged with the government for tax exemptions.
- Government's involvement was reactionary and there is a dire need to build a collaborative relationship between the government and the private sector for disaster reduction.
- Public, private and civil society partnership needs to be institutionalised with specific responsibilities. The government can use its resources to facilitate the role of the private and non-profit sectors with the provision of logistics, reconnection of utility lines, arrangements for loans and soft loans, and identification of the needy, while the private sector can earmark a certain per centage of its profit for social development and disaster reduction (just as Lever Brothers do: Case Study no. 1).
- A centralised body is needed to channel the energies of all stakeholders into the right direction so that there is a greater impact and maximum benefit could be gained from the different actors. A coordinated effort would avail the expertise of each of the players.

Source

Interview with the President of Rawalpindi Chamber of Commerce and Industry and President of the Central Traders Association, July 2002.

Appendix 2: Interview Protocol

1. The role of private sector in disaster reduction
 - Role played in disaster mitigation and preparedness
2. Scope of the role
 - Help and services extended after struck by a disaster
 - Amount of money spent
 - Duration of intervention
 - Number of interventions
 - Scale of intervention---local, national, international
 - Addressed the apparent problems
 - Addressed the root causes
 - Help extended before the disaster
3. Process of intervention
 - How was the problem identified
 - How were the needs identified---community involvement
 - What needs were identified
 - How were the needy identified
 - How were the most needy identified if help came from more than one source
 - What strategy was adopted to extend help
 - Who formulated the strategy
 - What problems were encountered
4. Structure of intervention
 - Unilateral
 - Bilateral/collaborative
 - Problems/hindrances experienced in interaction
 - Benefits gained through establishing partnership
 - Criterion for entering into the partnership
 - Factors affecting the choice of partnership (trust, former acquaintances, contacts, others)
5. The motive behind the private sector intervention
 - How was the problem identified
 - Who identified the problem
 - Who took the lead
 - What is the underlying vision
 - Did the vision come from the management and filtered down
 - Did the vision came from the employees and supported by the company's head
 - Contribution of employees
 - Who developed the strategy
 - How does the vision relate to the business's broader attitude toward social responsibilities
 - Benefit to the company
 - Improvement in creating a positive or more positive public image
 - Increase in sales/productivity
 - Boosting of employees' morale
6. Outcome
 - What is the outcome of activity
 - Number of people who benefited
7. Scope of future interventions and Suggestions
 - Is this a short term support
 - Is this enough
 - Is the need felt for long term support
 - Is this a long term support
 - Any plans to scale up the activities
 - Any plans to have better ties with other members of the society

- Awareness of the activities going around
 - Learn from other activities in the city/country
 - Monitoring of activities
 - Response of people
 - Reaction of the business to people's response
8. Suggestion about the future structure of Private sector interventions
- Conditions that will facilitate the private sector's contribution
 - Government's initiatives that will be helpful
 - Platform to bring together private sector and then pool in resources to increase the scope and magnitude of work
9. Worth of Business
- Number of employees
 - Annual sale

Appendix 3: List of Organisations Contacted

1. Anjuman-e-Shahriyan (Registered), Sargodha
2. Esmail Ji Enterprises, Rawalpindi
3. Time and Tune, Rawalpindi
4. Shukrana (Pvt) Limited, Quetta
5. Lever Brothers Pakistan Limited, Karachi
6. Sayyed Engineers (Private) Limited, Lahore
7. Sheikh Noor-ud-Din & Sons, Lahore
8. Emergency Relief Cell, Cabinet Division, Islamabad
9. Civil Defence Organisation Islamabad
10. Civil Defence Organisation NWFP
11. Civil Defence Organisation Punjab
12. Aabpara Anjuman-e-Tajiran (Traders Association), Islamabad
13. Markazi Anjuman-e-Tajiran, (Central Traders Association), Islamabad
14. Markaz-e-Anjuman-e-Tajiran (Central Traders Association), Rawalpindi
15. Rawalpindi Chambers of Commerce & Industry
16. Sialkot Chamber of Commerce & Industry
17. Sargodha Chamber of Commerce & Industry
18. Quetta Chamber of Commerce & Industry
19. Lahore Chamber of Commerce & Industry
20. Azad Jammu & Kashmir Chamber of Commerce & Industry
21. Sarhad Chamber of Commerce & Industry
22. Karachi Chamber of Commerce & Industry
23. SAARC Chamber of Commerce & Industry
24. The Federation of Pakistan Chambers of Commerce & Industry, Karachi
25. The Federation of Pakistan Chambers of Commerce & Industry, Islamabad
26. Islamic Chamber of Commerce, Industry & Commodity, Karachi
27. Chaman Chamber of Commerce & Industry, Chaman, Balochistan
28. American Business Council of Pakistan, Karachi
29. Hyderabad Chamber of Commerce & Industry
30. Gujranwala Chamber of Commerce & Industry
31. Overseas Investment Chamber of Commerce & Industry
32. Multan Chamber of Commerce & Industry
33. Faisalabad Chamber of Commerce & Industry
34. Relief Commission Balochistan
35. Relief Commission Sindh
36. Central Board of Revenue, Islamabad
37. S.A Brothers (Pvt) Limited, Islamabad
38. Descon Engineering Limited, Lahore
39. Malik Auto & Agriculture Industries (Pvt) Ltd., Lahore
40. Mahran Ramzan Textile Mills Ltd., Lahore
41. Pakistan Cycle Industrial Cooperative Society Ltd., Lahore
42. Chaudhry Wire Rope Industries (Pvt) Ltd., Lahore
43. AMK Engineering (Pvt) Ltd., Lahore
44. Chaudhry Cables (Pvt) Ltd., Lahore
45. Khalid Siraj Textile Mills Ltd., Lahore
46. Suleman & Co. (Pvt) Ltd., Lahore
47. Ayesha Wollen Mills Ltd., Lahore
48. Sheikh Waheed-ud-Din Industries (Pvt) Ltd., Lahore
49. Siraj Steels Ltd., Lahore
50. Interhom (Pvt) Ltd., Lahore
51. Pakistan Junior Chamber, Karachi
52. Dr. Sulaman Shan, Sindh Graduate Association, Karachi

53. Dewan Mushtaq Textile Mills Ltd., Karachi
54. Jaffer Brothers (Pvt) Ltd., Karachi
55. Din Group of Companies, Karachi
56. Organon Pakistan (Pvt) Ltd., Karachi
57. Medical Devices (Pvt) Ltd., Sialkot
58. Leather Masters (Pvt) Ltd., Sialkot
59. M.H. Geoffrey & Co., Sialkot
60. Capital Sports Corp. (Pvt) Ltd., Sialkot
61. Medisporex (Pvt) Ltd., Sialkot
62. Dar Cutlery Works, Sialkot
63. Libermann International, Sialkot
64. Orthomax Surgico, Sialkot
65. J.S.D. Sports (Pvt) Ltd., Sialkot
66. Esmail Flour Mills (Pvt) Ltd., Islamabad
67. Taxila Cotton Mills. Ltd., Islamabad
68. Victory Pipe Industries (Pvt) Ltd., Islamabad
69. International Polymer Industries (Pvt) Ltd., Islamabad
70. A.R. Foods (Pvt) Ltd., Islamabad
71. Mohammad Aslam Khan & Sons (Pvt) Ltd., Rawalpindi
72. National Enterprises, Rawalpindi
73. Vety Care (Pvt) Limited, Rawalpindi
74. Rawalpindi Flour & General Mills Ltd., Rawalpindi
75. Sihala Flour & General Mills, Islamabad
76. Toyota Capital Motors, Islamabad
77. Fecto Cement (Pvt) Ltd., Islamabad
78. National Construction Ltd., Islamabad
79. Shalimar Recording Company Ltd., Islamabad
80. Mr. Abdul Rahim Janoo, Karachi
81. Mr. Khawaja Qutubuddin, Karachi
82. Mr. Haji Shafiq-ur-Rahman, Karachi
83. Toyota Azad Motors, Azad Kashmir
84. Allahwasaya Textile & Finishing Mills Limited, Multan
85. Kings Apparel Industries (Pvt) Limited, Karachi
86. Dadabhoy Institute of Management Science (DIMS), Karachi
87. Vohra International, Lahore
88. Ali brothers, Karachi
89. Bristol Mayers Squibb Pakistan (Pvt.) Ltd., Karachi
90. Majeed Enterprises, Jhang
91. National Tent House, Karachi
92. Alam Leather Corporation, Karachi
93. International Textile Limited, Karachi
94. D.J Corporation, Karachi
95. A.G.E. Industries (Pvt) Limited. Karachi
96. Silver Fibre Enterprises, Multan
97. Khudu Bux Industries (Pvt) Limited, Karachi
98. Habib Jute Mills Limited, Karachi
99. Fico Limited, Gujranwala
100. Grays of Cambridge (Pak) Limited, Sialkot
101. Leather Connections (Pvt) Limited, Lahore
102. Japan Auto, Karachi
103. Trans World International, Peshawar
104. Aryan Steel Industries (Pvt.) Ltd., Lahore
105. Ayesha Woollen Mills Limited, Lahore
106. Al-Riaz Agencies (Pvt) Limited, Karachi
107. Baig Spinning Mills Limited, Karachi

108. Darbar Soap Works (Pvt) Limited, Karachi
109. Chiniot Enterprises (Pvt) Ltd., Haripur
110. Adamjee Engineering (Pvt) Ltd., Karachi
111. Kashmir Polytex Limited, Karachi
112. Asia Flour Mills Bahawalpur (Pvt) Limited, Bahawalpur
113. Shaikh Salim Ali ((Pvt) Limited, Lahore
114. Challenge Sports Works, Sialkot
115. Mian Nazir Sons Industries (Pvt) Limited, Karachi
116. Bilqees Corporation (Pvt) Limited, Lahore
117. Millat Tractors Limited, Karachi
118. Tata Textile Mills Limited, Karachi
119. Guard Group of Industries Guard Oils (Pvt) Limited, Lahore
120. Pearl Fabrics Company, Karachi
121. Rauf Textile & Printing Mills (Pvt) Ltd., Karachi
122. Arzoo Textile Mills Limited, Faisalabad
123. Chinoy & Company, Karachi
124. Bilour Industries (Pvt) Limited, Peshawar
125. Nash Textiles, Karachi
126. Atlas Trading Corporation, Karachi
127. Tarnab Package (Pvt) Limited, Peshawar
128. Halma Corporation, Karachi
129. Muhammad Ali & Sons, Chaman